

**Estimates of  
National Expenditure  
2009**

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# **Estimates of National Expenditure 2009**

**National Treasury  
Republic of South Africa**

11 February 2009





# Foreword

The Budget tells the story of the steady reallocation of resources towards meeting the social and economic needs of people across South Africa. Given the hardships we face in the current international and domestic economy, the link between spending and service delivery will need to be strengthened for government to improve the quality and quantity of services people receive. Now, even more than before, we will have to ensure that we get more bang for our buck!

The Estimates of National Expenditure goes beyond providing a comprehensive review of actual and planned expenditure. The publication provides extensive information linking the strategies, objectives and performance targets of the 34 national departments to their spending plans. Policy developments, legislation and other factors affecting all of these are noted. The wide ranging and thorough nature of this publication is undoubtedly one of the reasons why South Africa was awarded second place in an international survey on budget transparency last year.

The Estimates of National Expenditure has been published annually since 2000, and each year every endeavour is made to expand the scope and quality of information. This year is no exception. To provide more comprehensive information while keeping the volume manageable, a distinction is made for the first time between this consolidated publication and the accompanying individual publications for each vote. Furthermore, this year the consolidated publication provides more detail on 49 selected public entities, especially regarding service delivery. The publications for individual votes will collectively cover all public entities. Achieving this level of accountability for South Africa is the outcome of a process that has been evolving over a number of years.

In this, the consolidated 2009 Estimates of National Expenditure, more aggregated information is shown, at the monetary level of millions of rands. This year, general improvements in the presentation of information and its quality are evident, especially in relation to performance and donor assistance information. Supplementing this publication, the individual publications for each vote will increase the quantity and usefulness of information substantially. There will be more detail on transfers, and lower level institutional information on delivery localities and units will be made known. For most departments with concurrent functions, the complementary provincial level information will be provided. Information will be presented in thousands of rands.

Building on the success of the efficiency savings already introduced in 2008/09, government will implement a range of general cost saving measures. Furthermore, more cost efficient methods of providing certain outputs will be evaluated. In some instances, resources will be diverted from non-performing programmes. This approach will ensure sustainability and improve our extensive social and economic programmes. Alongside the additions to spending, this publication also indicates details per national vote of the total savings of R9.5 billion over the period ahead.

The expenditure estimates on the votes are the product of an extensive consultative and policy review process, designed to ensure the efficient allocation of public funds. This process took place under difficult economic circumstances. I am grateful to our colleagues in national departments and agencies for their partnership, contributions and advice, during both the Budget process and the finalisation of this publication. Special appreciation goes out to the team at National Treasury who worked tirelessly to produce a document, the substance and quality of which are a source of pride. The more the 2009 Estimates of National Expenditure gets put to good use, the greater the return will be on the time and expense that went into its production.



**Lesetja Kganyago**  
**Director-General: National Treasury**

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# Introduction

Financial and budgetary reforms were started in South Africa soon after the 1994 elections to change the outdated and fragmented public sector practices of the previous administration. The success in implementing a range of reforms has contributed to greater transparency in public finances, better allocation of resources and ultimately, better services to citizens.

Introduced in 2000, the Estimates of National Expenditure has been continuously extending the scope and quality of government reporting on the spending plans of national departments and agencies. The 2009 Estimates of National Expenditure details the spending estimates for the next three financial years (2009/10 to 2011/12), expenditure outcomes for the past three years (2005/06 to 2007/08) and revised estimates for the current year (2008/09). Information is also provided on strategies, policies, objectives and performance targets over the seven-year period. The publication presents this information for each of the 34 national votes, providing a tool to improve the accountability of the executive to Parliament and civil society, and to allow for the review and monitoring of government's service delivery alongside its spending plans.

In keeping with the ongoing improvements to the way that public finances are managed and reported, changes have been made in the 2009 Estimates of National Expenditure to both the presentation and quality of information, specifically in relation to performance. Information on donor assistance programmes has been included again and improved. Like last year, each chapter notes the budget items to which savings measures will be applied. While the *Information contained in each chapter* section outlines changes to this year's Estimates of National Expenditure in greater detail, a major development is the additional information that will be published in the separate Estimates of National Expenditure publication for each vote. These supplementary publications will include more comprehensive coverage of transfers, public entities, lower level institutional information and the concurrent spending of other spheres of government.

## Value for money

Medium term budgeting is clearly more than just a numbers sheet; it is about policy prioritisation, planning and reaching agreement on spending plans that support government's objectives. Each year, government undertakes a review of policy priorities and key spending programmes. With value for money as the ultimate aim, the process is singularly focused on how to get the biggest bang for every buck: how to achieve the most effective service delivery in the most economical way.

During the Budget process, judgements on value for money are made by examining funding requests in relation to the feasibility of the implementation plans and costings presented, departmental and agency capacity, including human capacity, and the sometimes competing demands of long term planning and investment with the short term need for accelerated service delivery. This involves extensive consultation with departments, agencies and intergovernmental forums before proposals are presented to the Ministers' Committee on the Budget<sup>1</sup>, approved by Cabinet and tabled in Parliament.

Particularly because of the global economic crisis, even more emphasis is placed this year on achieving economy and efficiency – by redirecting spending to the frontline. Alongside additional funding provision for extending existing government programmes and implementing new ones, existing spending plans have been re-evaluated to make reductions. This year, government departments and agencies are required to identify more savings on non-essential expenditure, to curb wasteful spending in general and to curtail ineffective programmes. Value for money will also be achieved by changes to the way departments and agencies work to improve performance. The success of efforts to achieve value for money will depend on stronger links between strategic planning, budgeting and monitoring, and reporting on service delivery.

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



## Additional allocations

The Budget process resulted in the allocation of an additional R158.1 billion to take forward key priorities over the next three years. Included in this is R56.8 billion to compensate for higher than expected inflation. The bulk of this funding goes towards salary increases and capital project cost escalations, which are both inflation indexed, and to beneficiaries of social grants, to retain the purchasing power of grants. Some adjustments have also been made to specific budget items in particular votes, mainly to compensate for food, fuel and medicine inflation. Included is also an allocation of R50 billion, made as a loan to Eskom towards increasing electricity supply capacity in South Africa.

The revised national Budget framework provides for total additional expenditure by national departments of R42.6 billion in 2009/10, R32.1 billion in 2010/11 and R24.3 billion in 2011/12. While this includes inflation related expenditure and the Eskom loan, total savings of approximately R9.5 billion across national votes have been offset to arrive at this net total additional spending. Of the R99 billion, national departments receive approximately 62.6 per cent (including the allocation to Eskom), while provinces and municipalities receive the remainder. Conditional grants to provinces and municipalities are reflected on both national budgets and the budgets of provinces or municipalities.

A summary of additional funding is provided below by national vote. The discussion on budget increases excludes all direct charges on the National Revenue Fund, the inflation related adjustments, the amount of the provincial equitable share, and the Eskom allocation. Adjustments to provincial and local conditional grants have been included. Details are only noted for national votes receiving relatively large additional allocations for extending existing programmes or implementing new programmes. The total amounts per vote in the discussion below represent the gross additional allocations, before the deduction of savings. This means that these total amounts are all bigger than the overall net increase in the budget of a particular vote and therefore they do not balance to the amounts reflected in Table 2. In the discussion that follows, these vote totals will be referred to as the *gross total allocation*, received over the medium term expenditure framework (MTEF) period.

### Central government and financial and administrative services

The **Department of Public Works** receives a relatively large gross total allocation of R4.9 billion, mainly to implement phase 2 of the expanded public works programme (R4.1 billion). Of this, R3.2 billion is an incentive grant to local government and to provinces to expand labour intensive programmes. The national department receives resources to enhance capacity to implement the expanded public works programme. In 2011/12, R300 million is provided on this vote for funding border post infrastructure. Over the medium term, R230 million is to be spent on improving the efficiency of energy use in government buildings.

Additions to the budget of **National Treasury** all go towards transfer payments. These include R900 million to the South African Revenue Service, mostly for modernising services at border posts, R238 million to the Secret Services and R2.1 billion to the infrastructure grant to provinces, mainly for school building programmes. In 2009/10, the allocations include a loan to the Gauteng government of R4.2 billion to cover the province's portion of the Gautrain project.

The gross total allocation to the **Department of Home Affairs** amounts to R1.3 billion, mainly for expanding capacity in various areas, including systems for the automation of visa and permit processing, and for port control transformation for the 2010 FIFA World Cup. The Government Printing Works receives R210 million for passport printing machines and the Electoral Commission R108.2 million for upgrading barcode scanners, buying transparent ballot boxes and for voter education.

### Social services

The **Department of Education's** budget is dominated by transfer payments. In the 2009 Budget an additional R3.7 billion has been provided for the national school nutrition programme grant. For the national department, a total amount of R1.3 billion is provided, mainly for subsidies to higher education institutions and to aid poor students via the National Student Financial Aid Scheme. For the recapitalisation of technical secondary schools, R285 million of this amount has been made available.

In addition to the allocation of R12 billion to the **Department of Social Development** for inflation related social grants increases, there is also a gross total allocation of R1.2 billion. This is for the South African Social

Security Agency for the administrative costs of the increased take-up of social grants, and to strengthen grant management and improve anti-fraud systems.

Funds for the **Department of Health** are mainly for transfers to provinces. These include R932 million for the expansion of the comprehensive HIV and AIDS grant, as well as R50 million to strengthen health services in Limpopo in light of the cholera outbreak. An additional allocation is also made towards improving the treatment and prevention of tuberculosis. The national department receives R22.5 million to introduce a standards authority and R44.5 million to establish the new South African Health Products Regulatory Authority.

There is a gross total allocation of R1 billion to the **Department of Labour** for the Umsobomvu Youth Fund to maintain its youth development and employment programmes.

#### Justice, crime prevention and security services

The gross total allocation to the **Department of Safety and Security** is R3.8 billion. This is mainly for the criminal justice sector modernisation project, which involves the accelerated national rollout of integrated IT systems and databases, as well as improvements in detection and forensic capabilities. To cater for additional policing personnel capacity, especially in the detective and forensic services, R750 million has been allocated.

The **Department of Correctional Services** receives R900 million as a gross total allocation to deal with the personnel cost pressures it currently faces. Additional prison space in the form of five new public private partnership correctional facilities was accommodated in the baseline in the 2008 Budget.

#### Economic services and infrastructure

The **Department of Provincial and Local Government's** R1.1 billion addition to the baseline increases the local government equitable share to support the provision of basic household services to an increasing number of households in South Africa. For municipal infrastructure provision, a further R1.9 billion in total is allocated.

The **Department of Transport** receives additional funding for: the National Roads Agency for upgrading national roads (R900 million), bus operations (R636.7 million), the Rail Commuter Corporation for signalling and coach upgrades (R600 million), the Railway Safety Regulator to appoint rail inspectors (R13 million), and taxi scrapping operations (R350 million).

The 2008 Budget provides a gross total allocation of R1.9 billion to the **Department of Housing**. This vote's budget is dominated by transfer payments and additional funding flows mainly to provinces. For the integrated housing and human settlement development grant R1.5 billion is made available to formalise informal settlements and to resettle Khutsong households currently on dolomitic land. To repair the damage after the summer storms in KwaZulu-Natal, R150 million is provided.

The **Department of Water Affairs and Forestry** receives a gross total allocation of R1.6 billion, mainly comprised of R1 billion for an increase in the regional bulk infrastructure programme and for employment based programmes. A further R400 million is provided for Working for Water and R150 million for Working on Fire.

On the **Trade and Industry** vote, the main additional allocation of R870 million relates to the implementation of the automotive production and development programme. The Small Enterprise Development Agency receives R230 million for expanding operations. Additional funding of R303 million is provided for the South African Bureau of Standards, mainly for critical capital infrastructure for its laboratories.

On the **Public Enterprises** vote, R1.6 billion is made available in 2009/10 for South African Airways to convert a loan into equity.

A gross total allocation of R1.5 billion is set aside for the **Department of Communications**. To provide for additional expenditure associated with broadcasting digital television signals, including the simultaneous broadcasting in analogue signals at first, R780 million is allocated. For ICT requirements related to the 2010 FIFA World Cup, R600 million is allocated.

The **Department of Minerals and Energy** is allocated R980 million in support of electricity demand side management. For energy efficiency and renewable energy programmes R100 million has been provided, including the R45 million made available for Working for Energy.

## Overview of expenditure

The main Budget provides for total expenditure of R738.6 billion in 2009/10, increasing to R792.4 billion in 2010/11 and R849 billion in 2011/12. Non-interest expenditure comprises on average 92 per cent of total main Budget expenditure, and grows at a real average annual rate of 5.2 per cent over the MTEF period. The estimates also include a contingency reserve of R6 billion in 2009/10, R12 billion in 2010/11 and R20 billion in 2011/12. The reserve is a provision to deal with unanticipated events. The reserve also allows government to augment progress made by provinces and municipalities in expanding public employment programmes, extend agricultural support programmes, increase enrolment in further education and training colleges and make policy changes in response to adverse macroeconomic developments and new government policies. These allocations may be voted later in the year, in the adjusted Budget process.

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

## **Summary tables**

Table 1: Main budget framework

Table 2: Additional allocation to national votes

Table 3: Expenditure by national vote

Table 4: Expenditure by economic classification

Table 5: Amounts to be appropriated from the National Revenue Fund for 2009/10

Table 6a: Conditional grants to provinces

Table 6b: Conditional grants to municipalities

Table 7: Training expenditure per vote

Table 8: Infrastructure expenditure per vote

Table 9: Personnel expenditure per vote

Table 10: Departmental receipts per vote

Table 1. Main budget framework 2005/06 – 2011/12

R million	Audited outcome			Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue (National Revenue Fund)</b>							
Tax revenue (gross)	417 195.7	495 548.6	572 814.6	627 692.7	659 304.0	720 935.2	793 666.7
Departmental and other receipts, and repayments	8 697.1	10 843.3	11 671.7	12 351.6	11 601.6	14 375.3	15 426.3
Less: Southern African Customs Union payments	(14 144.9)	(25 194.9)	(24 712.6)	(28 920.6)	(27 915.4)	(26 236.6)	(27 867.1)
<b>Total revenue</b>	<b>411 747.9</b>	<b>481 197.0</b>	<b>559 773.8</b>	<b>611 123.7</b>	<b>642 990.1</b>	<b>709 074.0</b>	<b>781 225.9</b>
<i>Percentage of GDP</i>	26.0%	26.6%	27.1%	26.5%	26.0%	26.4%	26.5%
<b>Expenditure</b>							
State debt cost	50 912.0	52 192.2	52 877.1	54 281.0	55 268.0	60 140.0	66 826.0
<i>Percentage of GDP</i>	3.2%	2.9%	2.6%	2.4%	2.2%	2.2%	2.3%
Current payments <sup>1</sup>	69 822.5	77 979.8	88 756.1	103 691.5	114 990.1	125 490.4	135 761.8
Transfers and subsidies	288 965.8	333 660.7	391 895.3	466 883.1	553 774.2	585 510.8	613 070.3
Payments for capital assets <sup>1</sup>	6 983.7	6 359.8	7 970.3	9 051.2	8 530.5	9 213.1	13 312.7
Contingency reserve	–	–	–	–	6 000.0	12 000.0	20 000.0
<b>Total expenditure</b>	<b>416 684.0</b>	<b>470 192.5</b>	<b>541 498.8</b>	<b>633 906.9</b>	<b>738 562.8</b>	<b>792 354.3</b>	<b>848 970.8</b>
<i>Percentage of GDP</i>	26.3%	26.0%	26.2%	27.5%	29.9%	29.5%	28.7%
<b>Budget balance<sup>2</sup></b>	<b>(4 936.1)</b>	<b>11 004.5</b>	<b>18 275.0</b>	<b>(22 783.2)</b>	<b>(95 572.6)</b>	<b>(83 280.3)</b>	<b>(67 744.9)</b>
<i>Percentage of GDP</i>	(0.3%)	0.6%	0.9%	(1.0%)	(3.9%)	(3.1%)	(2.3%)
<b>GDP</b>	<b>1 585 986.0</b>	<b>1 810 664.0</b>	<b>2 067 884.0</b>	<b>2 304 110.8</b>	<b>2 474 214.1</b>	<b>2 686 254.2</b>	<b>2 952 988.5</b>

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

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

**Table 2. Additional allocation to national votes 2009/10 – 2011/12<sup>1</sup>**

	2009/10	2010/11	2011/12	Total
R million	Medium-term expenditure estimates			
<b>Central Government Administration</b>	<b>897.1</b>	<b>2 322.2</b>	<b>4 150.5</b>	<b>7 369.7</b>
1 The Presidency	21.9	24.3	25.1	71.2
2 Parliament	17.7	17.9	18.9	54.5
3 Foreign Affairs	174.4	531.6	652.7	1 358.7
4 Home Affairs	155.1	310.7	625.0	1 090.8
5 Public Works	528.0	1 437.7	2 828.9	4 794.6
<b>Financial and Administrative Services</b>	<b>34 838.3</b>	<b>21 730.7</b>	<b>3 291.0</b>	<b>59 860.0</b>
6 Government Communication and Information System	5.1	19.5	20.2	44.8
7 National Treasury	34 840.5	21 696.8	3 167.3	59 704.6
8 Public Administration Leadership and Management Academy	(2.3)	(4.2)	(5.8)	(12.4)
9 Public Service and Administration	5.0	4.5	(4.8)	4.6
10 Public Service Commission	0.8	0.5	5.4	6.6
11 Statistics South Africa	(10.8)	13.7	108.9	111.7
<b>Social Services</b>	<b>4 790.6</b>	<b>7 650.8</b>	<b>11 281.7</b>	<b>23 723.1</b>
12 Arts and Culture	210.9	146.1	23.3	380.3
13 Education	1 092.8	2 048.4	3 664.4	6 805.6
14 Health	439.1	699.5	816.4	1 955.0
15 Labour	250.6	288.8	314.7	854.1
16 Social Development	2 515.8	4 221.9	6 437.7	13 175.4
17 Sport and Recreation South Africa	281.4	246.2	25.2	552.8
<b>Justice, Crime Prevention and Security</b>	<b>4 016.5</b>	<b>1 056.9</b>	<b>5 692.3</b>	<b>10 765.6</b>
18 Correctional Services	586.1	(981.8)	1 876.9	1 481.2
19 Defence	2 163.8	188.8	187.2	2 539.9
20 Independent Complaints Directorate	(0.5)	4.4	9.5	13.4
21 Justice and Constitutional Development	178.0	272.7	361.8	812.6
22 Safety and Security	1 089.1	1 572.7	3 256.8	5 918.6
<b>Economic Services and Infrastructure</b>	<b>(380.1)</b>	<b>(633.5)</b>	<b>6 775.9</b>	<b>5 762.3</b>
23 Agriculture	165.0	338.0	682.4	1 185.4
24 Communications	560.2	490.5	401.4	1 452.0
25 Environmental Affairs and Tourism	33.9	121.4	533.3	688.6
26 Housing	856.9	858.9	2 216.4	3 932.2
27 Land Affairs	137.7	302.6	1 101.5	1 541.8
28 Minerals and Energy	329.0	517.3	671.2	1 517.5
29 Provincial and Local Government	(5 565.5)	(6 061.3)	(3 765.6)	(15 392.4)
30 Public Enterprises	1 531.7	(4.1)	(2.9)	1 524.6
31 Science and Technology	37.1	158.8	275.6	471.5
32 Trade and Industry	286.8	545.4	501.8	1 334.0
33 Transport	1 322.9	1 749.9	3 123.6	6 196.4
34 Water Affairs and Forestry	(75.8)	349.1	1 037.4	1 310.7
<b>Total</b>	<b>44 162.3</b>	<b>32 127.1</b>	<b>31 191.4</b>	<b>107 480.8</b>

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

Table 3. Expenditure by national vote 2005/06 to 2011/12

R million	Audited Outcome			Adjusted appropriation
	2005/06	2006/07	2007/08	2008/09
<b>Central Government Administration</b>				
1 The Presidency	190.1	236.3	264.2	311.7
2 Parliament	597.9	755.1	902.1	913.8
3 Foreign Affairs	2 687.7	2 944.7	4 069.7	5 569.8
4 Home Affairs	3 172.1	2 546.9	3 241.7	4 816.6
5 Public Works	2 354.3	3 025.8	3 402.3	4 302.0
<b>Financial and Administrative Services</b>				
6 Government Communication and Information System	253.6	293.1	380.9	439.8
7 National Treasury	13 100.7	16 171.0	18 966.2	31 424.2
8 Public Administration Leadership and Management Academy	55.4	58.3	131.1	105.5
9 Public Service and Administration	197.0	429.4	370.4	420.2
10 Public Service Commission	91.1	96.1	108.1	113.7
11 Statistics South Africa	643.9	1 096.6	1 057.0	1 323.4
<b>Social Services</b>				
12 Arts and Culture	1 121.0	1 329.9	1 585.8	2 160.3
13 Education	12 436.8	14 249.8	16 241.3	19 749.4
14 Health	9 937.1	11 338.0	12 762.7	15 851.2
15 Labour	1 295.9	1 453.5	1 948.6	1 747.6
16 Social Development	55 067.8	61 676.1	67 191.4	76 554.2
17 Sport and Recreation South Africa	436.8	886.5	5 048.0	4 909.7
<b>Justice, Crime Prevention and Security</b>				
18 Correctional Services	9 631.2	9 251.2	11 122.4	12 338.8
19 Defence	23 510.5	23 817.6	25 180.1	27 899.0
20 Independent Complaints Directorate	54.5	65.3	80.9	98.5
21 Justice and Constitutional Development	5 153.5	6 005.2	7 373.8	8 515.5
22 Safety and Security	29 360.8	32 521.2	36 386.1	41 492.3
<b>Economic Services and Infrastructure</b>				
23 Agriculture	1 909.0	2 224.0	3 332.8	2 937.7
24 Communications	1 034.4	1 319.6	1 911.8	2 331.5
25 Environmental Affairs and Tourism	1 775.7	2 059.7	2 788.8	3 206.6
26 Housing	5 248.8	7 166.0	8 586.3	10 928.5
27 Land Affairs	2 874.7	3 720.5	5 893.1	6 659.4
28 Minerals and Energy	2 191.6	2 607.7	2 947.4	3 786.2
29 Provincial and Local Government	15 976.1	24 575.7	30 029.7	35 639.0
30 Public Enterprises	2 671.5	2 589.8	4 604.0	3 269.4
31 Science and Technology	2 041.3	2 613.0	3 127.3	3 721.7
32 Trade and Industry	3 056.4	3 804.7	5 295.4	5 126.9
33 Transport	10 409.9	13 360.4	16 331.6	24 492.8
34 Water Affairs and Forestry	3 804.0	4 305.7	5 385.4	7 036.6
<b>Total appropriation by vote</b>	<b>224 343.2</b>	<b>260 594.3</b>	<b>308 048.4</b>	<b>370 193.6</b>
Plus:				
<b>Direct charges against the National Revenue Fund</b>				
President and Deputy President salary (The Presidency)	2.0	2.2	2.3	2.5
Members remuneration (Parliament) <sup>1</sup>	211.7	223.3	240.7	254.0
State debt costs (National Treasury)	50 912.0	52 192.2	52 877.1	53 926.0
Provincial equitable share (National Treasury)	135 291.6	150 752.9	172 861.5	204 009.9
General fuel levy sharing with metros (National Treasury)	-	-	-	-
Skills levy and Setas (Labour)	4 883.3	5 328.4	6 284.3	7 529.6
Judges and magistrates salaries (Justice and Constitutional Development)	1 040.1	1 099.3	1 184.5	1 389.3
<b>Total direct charges against the National Revenue Fund</b>	<b>192 340.8</b>	<b>209 598.2</b>	<b>233 450.4</b>	<b>267 111.3</b>
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	(4 339.2)
<b>Total</b>	<b>416 684.0</b>	<b>470 192.5</b>	<b>541 498.8</b>	<b>632 965.7</b>

1. The 2008/09 Adjusted appropriation excludes R2.5 bn for the Political Office Bearers Pension Fund, previously allocated to Parliament.

Table 3. Expenditure by national vote 2005/06 to 2011/12

Revised estimate	Medium-term expenditure estimates			
2008/09	2009/10	2010/11	2011/12	R million
			<b>Central Government Administration</b>	
311.7	324.8	333.4	349.7 The Presidency	
913.8	974.1	1 033.3	1 095.2 Parliament	
5 353.1	5 337.0	5 472.0	5 501.0 Foreign Affairs	
4 671.4	5 050.6	5 580.8	5 007.0 Home Affairs	
4 252.0	5 298.0	6 598.7	8 185.4 Public Works	
			<b>Financial and Administrative Services</b>	
439.8	482.0	533.1	504.8 Government Communication and Information System	
31 075.0	61 676.2	48 595.1	31 587.9 National Treasury	
105.5	119.3	127.3	133.5 Public Administration Leadership and Management Academy	
416.8	355.8	402.8	417.4 Public Service and Administration	
113.7	121.3	132.6	145.5 Public Service Commission	
1 323.4	1 608.6	2 006.0	2 757.8 Statistics South Africa	
			<b>Social Services</b>	
2 126.3	2 623.5	2 435.1	2 448.6 Arts and Culture	
19 743.4	21 287.2	25 137.9	28 129.2 Education	
15 551.2	17 058.1	19 614.0	20 862.8 Health	
1 643.7	2 126.4	2 271.9	2 410.2 Labour	
76 393.2	86 408.3	94 672.1	102 305.9 Social Development	
4 884.7	2 859.9	1 250.2	771.0 Sport and Recreation South Africa	
			<b>Justice, Crime Prevention and Security</b>	
12 338.8	13 238.6	14 268.6	18 098.7 Correctional Services	
27 749.0	32 024.4	32 389.3	34 418.6 Defence	
98.5	114.9	127.1	139.5 Independent Complaints Directorate	
8 515.5	9 658.0	10 342.8	11 056.2 Justice and Constitutional Development	
41 492.3	46 409.7	50 966.4	55 030.0 Safety and Security	
			<b>Economic Services and Infrastructure</b>	
2 819.6	2 792.8	3 089.1	3 602.5 Agriculture	
2 331.5	2 266.9	2 264.4	2 122.8 Communications	
3 206.6	3 480.8	3 884.1	4 147.5 Environmental Affairs and Tourism	
10 634.7	13 588.6	16 137.5	18 410.5 Housing	
6 659.4	6 099.1	6 490.2	7 661.4 Land Affairs	
3 685.0	4 647.2	5 106.5	5 439.0 Minerals and Energy	
34 870.2	35 607.0	42 541.6	47 753.5 Provincial and Local Government	
3 267.5	3 797.3	311.9	183.6 Public Enterprises	
3 721.7	4 234.1	4 708.1	5 097.8 Science and Technology	
5 076.9	6 344.2	5 753.0	6 003.8 Trade and Industry	
24 142.3	23 734.8	25 480.3	27 920.9 Transport	
6 466.7	7 893.8	8 292.9	9 463.1 Water Affairs and Forestry	
<b>366 394.9</b>	<b>429 643.2</b>	<b>448 350.2</b>	<b>469 162.3 Total appropriation by vote</b>	
			Plus:	
			<b>Direct charges against the National Revenue Fund</b>	
4.0	4.3	4.6	4.8 President and Deputy President salary (The Presidency)	
254.0	376.7	392.7	409.6 Members remuneration (Parliament)	
54 281.0	55 268.0	60 140.0	66 826.0 State debt costs (National Treasury)	
204 009.9	231 050.9	253 670.5	272 934.1 Provincial equitable share (National Treasury)	
-	6 800.1	7 542.4	8 531.1 General fuel levy sharing with metros (National Treasury)	
7 529.6	7 750.0	8 424.2	9 148.7 Skills levy and Setas (Labour)	
1 433.5	1 669.7	1 829.9	1 954.2 Judges and magistrates salaries (Justice and Constitutional Development)	
<b>267 512.1</b>	<b>302 919.6</b>	<b>332 004.2</b>	<b>359 808.5 Total direct charges against the National Revenue Fund</b>	
-	6 000.0	12 000.0	20 000.0 Contingency reserve	
-	-	-	- Projected underspending	
<b>633 906.9</b>	<b>738 562.8</b>	<b>792 354.3</b>	<b>848 970.8 Total</b>	



Table 4. Expenditure by economic classification 2005/06 to 2011/12

R million	Audited outcome			Adjusted appropriation
	2005/06	2006/07	2007/08	2008/09
<b>Current payments</b>				
<b>Compensation of employees</b>	<b>44 316.0</b>	<b>49 616.5</b>	<b>56 269.8</b>	<b>64 911.0</b>
Salaries and wages	36 907.6	42 059.3	47 965.2	54 120.6
Social contributions <sup>1</sup>	7 408.4	7 557.2	8 304.5	10 790.4
<b>Goods and services</b>	<b>25 243.5</b>	<b>28 220.4</b>	<b>32 305.2</b>	<b>39 246.0</b>
<b>Interest and rent on land</b>	<b>50 928.0</b>	<b>52 193.0</b>	<b>52 878.4</b>	<b>53 926.8</b>
Interest	50 927.8	52 192.2	52 877.1	53 926.0
Rent on land	0.2	0.9	1.3	0.8
<b>Financial transactions in assets and liabilities</b>	<b>247.0</b>	<b>142.0</b>	<b>179.8</b>	<b>0.0</b>
<b>Total current payments</b>	<b>120 734.5</b>	<b>130 171.9</b>	<b>141 633.2</b>	<b>158 083.9</b>
<b>Transfers and subsidies to:</b>				
<b>Provinces and municipalities</b>	<b>171 195.5</b>	<b>205 442.3</b>	<b>243 237.5</b>	<b>290 383.5</b>
<b>Provinces</b>	<b>154 367.5</b>	<b>178 870.8</b>	<b>205 833.2</b>	<b>245 646.1</b>
Provincial revenue funds	154 367.5	178 870.8	205 833.2	245 646.1
<b>Municipalities</b>	<b>16 828.0</b>	<b>26 571.5</b>	<b>37 404.3</b>	<b>44 737.4</b>
Municipal bank accounts	16 828.0	26 571.5	37 404.3	44 737.4
<b>Departmental agencies and accounts</b>	<b>37 536.7</b>	<b>37 829.2</b>	<b>43 306.0</b>	<b>53 049.7</b>
Social security funds	2 709.9	7.0	8.5	2 512.9
Departmental agencies (non-business entities)	34 826.8	37 822.1	43 297.5	50 536.9
<b>Universities and technikons</b>	<b>9 784.2</b>	<b>11 056.0</b>	<b>12 003.8</b>	<b>13 852.7</b>
<b>Public corporations and private enterprises</b>	<b>12 551.3</b>	<b>14 646.7</b>	<b>20 804.7</b>	<b>30 263.1</b>
<b>Public corporations</b>	<b>9 121.6</b>	<b>10 980.1</b>	<b>16 067.2</b>	<b>25 487.5</b>
Subsidies on products or production	4 317.7	5 516.1	5 776.3	7 775.3
Other transfers	4 803.9	5 464.0	10 291.0	17 712.3
<b>Private enterprises</b>	<b>3 429.7</b>	<b>3 666.6</b>	<b>4 737.5</b>	<b>4 775.6</b>
Subsidies on products or production	3 289.9	3 458.5	4 236.3	4 495.0
Other transfers	139.8	208.0	501.2	280.6
<b>Foreign governments and international organisations</b>	<b>858.0</b>	<b>919.3</b>	<b>936.0</b>	<b>1 000.5</b>
<b>Non-profit institutions</b>	<b>850.4</b>	<b>844.3</b>	<b>959.4</b>	<b>1 444.0</b>
<b>Households</b>	<b>56 189.6</b>	<b>62 923.0</b>	<b>70 647.8</b>	<b>79 740.2</b>
Social benefits	53 750.7	59 973.8	65 822.2	74 683.3
Other transfers to households	2 438.8	2 949.2	4 825.6	5 056.9
<b>Total transfers and subsidies</b>	<b>288 965.8</b>	<b>333 660.7</b>	<b>391 895.3</b>	<b>469 733.7</b>
<b>Payments for capital assets</b>				
<b>Buildings and other fixed structures</b>	<b>2 882.4</b>	<b>2 462.7</b>	<b>3 691.9</b>	<b>5 429.4</b>
Buildings	2 423.6	2 395.3	3 332.1	4 994.5
Other fixed structures	458.8	67.4	359.7	434.9
<b>Machinery and equipment</b>	<b>3 834.5</b>	<b>3 324.8</b>	<b>3 220.1</b>	<b>2 533.2</b>
Transport equipment	1 272.7	1 603.5	1 527.8	1 364.7
Other machinery and equipment	2 561.8	1 721.3	1 692.3	1 168.4
<b>Biological and cultivated assets</b>	<b>0.2</b>	<b>0.7</b>	<b>11.2</b>	<b>0.9</b>
<b>Software and other intangible assets</b>	<b>266.7</b>	<b>231.6</b>	<b>198.1</b>	<b>189.8</b>
<b>Land and subsoil assets</b>	<b>-</b>	<b>340.0</b>	<b>849.1</b>	<b>1 334.1</b>
<b>Specialised military assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total payments for capital assets</b>	<b>6 983.7</b>	<b>6 359.8</b>	<b>7 970.3</b>	<b>9 487.3</b>
<b>Total</b>	<b>416 684.0</b>	<b>470 192.5</b>	<b>541 498.8</b>	<b>637 304.9</b>
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	(4 339.2)
<b>Total</b>	<b>416 684.0</b>	<b>470 192.5</b>	<b>541 498.8</b>	<b>632 965.7</b>

1. The 2008/09 Adjusted appropriation excludes R2.5 bn for the Political Office Bearers Pension Fund, previously allocated to Parliament.

Table 4. Expenditure by economic classification 2005/06 to 2011/12

Revised estimate	Medium-term expenditure estimates			R million
2008/09	2009/10	2010/11	2011/12	
<b>64 809.3</b>	<b>72 972.1</b>	<b>78 513.1</b>	<b>83 329.4</b>	<b>Current payments</b>
54 013.2	60 916.1	65 619.5	69 651.5	<b>Compensation of employees</b>
10 796.1	12 056.0	12 893.6	13 677.9	Salaries and wages
				Social contributions <sup>1</sup>
<b>38 880.6</b>	<b>42 017.2</b>	<b>46 976.5</b>	<b>52 431.5</b>	<b>Goods and services</b>
<b>54 281.8</b>	<b>55 268.8</b>	<b>60 140.9</b>	<b>66 826.9</b>	<b>Interest and rent on land</b>
54 281.0	55 268.0	60 140.0	66 826.0	Interest
0.8	0.8	0.9	0.9	Rent on land
<b>0.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Financial transactions in assets and liabilities</b>
<b>157 972.5</b>	<b>170 258.1</b>	<b>185 630.4</b>	<b>202 587.8</b>	<b>Total current payments</b>
<b>288 413.4</b>	<b>334 271.7</b>	<b>367 484.4</b>	<b>400 949.4</b>	<b>Transfers and subsidies to:</b>
				Provinces and municipalities
<b>244 745.0</b>	<b>284 519.4</b>	<b>309 704.4</b>	<b>335 925.4</b>	<b>Provinces</b>
244 745.0	284 519.4	309 704.4	335 925.4	Provincial revenue funds
<b>43 668.3</b>	<b>49 752.4</b>	<b>57 780.0</b>	<b>65 024.1</b>	<b>Municipalities</b>
43 668.3	49 752.4	57 780.0	65 024.1	Municipal bank accounts
<b>52 467.1</b>	<b>58 594.8</b>	<b>61 827.9</b>	<b>65 583.6</b>	<b>Departmental agencies and accounts</b>
2 507.0	11.5	11.6	12.4	Social security funds
49 960.1	58 583.3	61 816.3	65 571.2	Departmental agencies (non-business entities)
<b>13 852.7</b>	<b>15 320.8</b>	<b>17 535.7</b>	<b>19 022.5</b>	<b>Universities and technikons</b>
<b>30 161.2</b>	<b>51 008.2</b>	<b>38 210.7</b>	<b>18 682.5</b>	<b>Public corporations and private enterprises</b>
<b>25 435.6</b>	<b>48 515.0</b>	<b>35 572.0</b>	<b>15 873.4</b>	<b>Public corporations</b>
7 775.3	9 609.0	10 870.6	11 994.8	Subsidies on products or production
17 660.4	38 906.0	24 701.4	3 878.7	Other transfers
<b>4 725.6</b>	<b>2 493.2</b>	<b>2 638.7</b>	<b>2 809.0</b>	<b>Private enterprises</b>
4 455.0	2 170.6	2 279.7	2 408.6	Subsidies on products or production
270.6	322.6	359.0	400.4	Other transfers
<b>999.2</b>	<b>1 277.1</b>	<b>1 358.9</b>	<b>1 345.4</b>	<b>Foreign governments and international organisations</b>
<b>1 444.0</b>	<b>2 083.1</b>	<b>2 522.4</b>	<b>2 583.5</b>	<b>Non-profit institutions</b>
<b>79 545.6</b>	<b>91 218.4</b>	<b>96 570.7</b>	<b>104 903.4</b>	<b>Households</b>
74 516.1	86 572.8	91 926.2	99 254.6	Social benefits
5 029.5	4 645.6	4 644.5	5 648.8	Other transfers to households
<b>466 883.1</b>	<b>553 774.2</b>	<b>585 510.8</b>	<b>613 070.3</b>	<b>Total transfers and subsidies</b>
<b>5 176.4</b>	<b>5 513.4</b>	<b>5 847.2</b>	<b>9 752.2</b>	<b>Payments for capital assets</b>
4 801.5	4 482.6	4 895.3	8 138.8	<b>Buildings and other fixed structures</b>
374.9	1 030.8	951.9	1 613.3	Buildings
				Other fixed structures
<b>2 462.9</b>	<b>2 830.0</b>	<b>3 296.7</b>	<b>3 487.6</b>	<b>Machinery and equipment</b>
1 364.7	1 435.1	1 502.5	1 577.6	Transport equipment
1 098.2	1 395.0	1 794.2	1 910.0	Other machinery and equipment
<b>0.9</b>	<b>1.1</b>	<b>1.1</b>	<b>1.2</b>	<b>Biological and cultivated assets</b>
<b>76.9</b>	<b>158.4</b>	<b>39.8</b>	<b>42.3</b>	<b>Software and other intangible assets</b>
<b>1 334.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Land and subsoil assets</b>
<b>-</b>	<b>27.6</b>	<b>28.3</b>	<b>29.5</b>	<b>Specialised military assets</b>
<b>9 051.2</b>	<b>8 530.5</b>	<b>9 213.1</b>	<b>13 312.7</b>	<b>Total payments for capital assets</b>
<b>633 906.9</b>	<b>732 562.8</b>	<b>780 354.3</b>	<b>828 970.8</b>	<b>Total</b>
-	6 000.0	12 000.0	20 000.0	Contingency reserve
-	-	-	-	Projected underspending
<b>633 906.9</b>	<b>738 562.8</b>	<b>792 354.3</b>	<b>848 970.8</b>	<b>Total</b>

Table 5. Amounts to be appropriated from the National Revenue Fund for 2009/10

		Appropriated (including direct charges)	Current payments	Transfers and subsidies	Payments for capital assets	To be appropriated	Increase/ (Decrease)
R million		2008/09	2009/10				
<b>Central Government Administration</b>							
1	The Presidency	292.5	292.7	29.0	7.4	329.1	36.6
2	Parliament	1 158.5	1 081.8	261.4	7.5	1 350.7	192.2
3	Foreign Affairs	4 340.7	3 980.2	1 037.6	319.3	5 337.0	996.3
4	Home Affairs	4 505.0	3 548.4	1 303.8	198.5	5 050.6	545.6
5	Public Works	4 141.4	1 879.1	2 150.7	1 268.2	5 298.0	1 156.6
<b>Financial and Administrative Services</b>							
6	Government Communication and Information System	418.3	296.7	182.7	2.5	482.0	63.7
7	National Treasury	271 931.2	56 513.6	298 270.9	10.6	354 795.2	82 864.0
8	Public Administration Leadership and Management Academy	105.5	55.6	61.9	1.7	119.3	13.7
9	Public Service and Administration	412.3	331.8	22.3	1.6	355.8	-56.5
10	Public Service Commission	111.2	119.8	0.0	1.4	121.3	10.1
11	Statistics South Africa	1 272.2	1 553.6	0.1	55.0	1 608.6	336.4
<b>Social Services</b>							
12	Arts and Culture	2 117.1	308.4	2 309.0	6.0	2 623.5	506.4
13	Education	18 857.5	1 164.0	20 114.1	9.1	21 287.2	2 429.6
14	Health	15 100.8	937.9	16 091.8	28.3	17 058.1	1 957.2
15	Labour	9 262.5	1 304.2	8 529.7	42.4	9 876.4	613.8
16	Social Development	76 008.0	449.2	85 949.4	9.8	86 408.3	10 400.4
17	Sport and Recreation South Africa	3 496.2	207.3	2 648.8	3.7	2 859.9	-636.3
<b>Justice, Crime Prevention and Security</b>							
18	Correctional Services	11 671.8	11 901.2	37.8	1 299.5	13 238.6	1 566.7
19	Defence	28 233.2	20 249.2	11 114.5	660.7	32 024.4	3 791.2
20	Independent Complaints Directorate	98.5	112.6	0.1	2.2	114.9	16.4
21	Justice and Constitutional Development	9 730.8	9 245.2	1 408.7	673.8	11 327.7	1 596.9
22	Safety and Security	40 453.2	43 519.0	382.8	2 507.9	46 409.7	5 956.5
<b>Economic Services and Infrastructure</b>							
23	Agriculture	2 534.7	1 074.4	1 685.0	33.4	2 792.8	258.1
24	Communications	1 723.6	384.1	1 873.3	9.4	2 266.9	543.3
25	Environmental Affairs and Tourism	3 061.7	816.0	2 506.1	158.8	3 480.8	419.1
26	Housing	10 586.5	620.0	12 957.2	11.4	13 588.6	3 002.1
27	Land Affairs	6 659.4	1 529.1	4 547.3	22.7	6 099.1	-560.3
28	Minerals and Energy	3 595.4	678.6	3 957.4	11.2	4 647.2	1 051.8
29	Provincial and Local Government	34 193.9	382.4	35 216.4	8.2	35 607.0	1 413.2
30	Public Enterprises	3 007.9	171.0	3 625.1	1.3	3 797.3	789.5
31	Science and Technology	3 704.0	334.8	3 894.8	4.5	4 234.1	530.1
32	Trade and Industry	5 102.6	979.8	5 329.9	34.5	6 344.2	1 241.6
33	Transport	20 508.5	794.4	22 936.8	3.7	23 734.8	3 226.3
34	Water Affairs and Forestry	6 699.3	3 441.9	3 337.7	1 114.2	7 893.8	1 194.6
<b>Total</b>		<b>605 095.9</b>	<b>170 258.1</b>	<b>553 774.2</b>	<b>8 530.5</b>	<b>732 562.8</b>	<b>127 466.9</b>

Table 6a. Conditional grants to provinces<sup>1</sup>

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Central Government</b>								
<b>Administration</b>								
5 Public Works	585.4	710.1	836.6	889.3	889.3	1 148.0	1 496.2	1 962.0
<b>Financial Management and Administrative Services</b>								
7 National Treasury	2 984.1	4 983.5	6 276.2	7 384.5	7 384.5	13 449.2	11 314.9	13 091.2
<b>Social Services</b>								
12 Arts and Culture	-	-	163.2	344.6	323.6	440.6	494.0	523.6
13 Education	1 248.4	1 712.5	2 008.0	2 915.4	2 909.4	2 571.9	3 931.4	4 978.1
14 Health	8 907.3	10 206.5	11 552.7	14 362.8	14 090.8	15 578.4	18 012.8	19 171.8
17 Sport and Recreation South Africa	24.0	119.0	194.0	293.7	278.7	402.3	426.4	452.0
<b>Economic Services and Infrastructure</b>								
23 Agriculture	410.0	401.1	761.7	898.0	868.0	876.8	1 116.9	1 437.1
26 Housing	4 867.9	6 677.8	8 149.9	10 177.9	9 920.9	12 592.3	15 026.8	17 222.4
27 Land Affairs	8.0	8.0	-	-	-	-	-	-
29 Provincial and Local Government	40.7	-	-	29.7	29.7	-	-	-
32 Trade and Industry	-	58.2	-	-	-	-	-	-
33 Transport	-	3 241.0	3 029.4	4 340.3	4 040.3	6 409.0	4 214.7	4 153.2
<b>Total</b>	<b>19 075.9</b>	<b>28 117.8</b>	<b>32 971.7</b>	<b>41 636.2</b>	<b>40 735.1</b>	<b>53 468.5</b>	<b>56 034.0</b>	<b>62 991.3</b>

1. Detail provided in the Division of Revenue Act (2009).

**Table 6b. Conditional grants to municipalities<sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Central Government</b>								
<b>Administration</b>								
5 Public Works	-	-	-	-	-	201.7	554.0	1 108.0
<b>Financial Management and Administrative Services</b>								
7 National Treasury	387.5	410.3	716.5	468.5	260.0	882.0	994.6	1 225.1
<b>Social Services</b>								
17 Sport and Recreation South Africa	-	600.0	4 605.0	4 295.0	4 295.0	2 168.7	512.6	-
<b>Economic Services and Infrastructure</b>								
28 Minerals and Energy	297.5	390.7	462.5	595.6	494.4	1 108.0	1 240.1	1 376.6
29 Provincial and Local Government	5 947.2	6 138.4	8 954.1	9 596.2	8 836.9	11 284.9	12 740.9	15 293.3
33 Transport	241.7	518.0	1 174.0	3 178.9	3 178.9	2 428.0	4 300.2	5 160.1
34 Water Affairs and Forestry	164.5	385.7	732.9	994.6	994.6	978.6	570.0	380.0
<b>Total</b>	<b>7 038.4</b>	<b>8 443.1</b>	<b>16 645.0</b>	<b>19 128.9</b>	<b>18 059.8</b>	<b>19 051.8</b>	<b>20 912.3</b>	<b>24 543.1</b>

1. Detail provided in the Division of Revenue Act (2009).

Table 7. Training expenditure per vote 2005/06 to 2011/12

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Central Government Administration</b>							
1 The Presidency	0.8	1.5	2.3	1.4	1.5	1.6	1.8
2 Parliament	8.8	10.7	10.6	11.9	10.1	10.7	11.3
3 Foreign Affairs	2.9	4.0	13.1	8.1	12.4	14.4	14.1
4 Home Affairs	26.3	35.3	37.4	53.2	40.7	42.8	39.4
5 Public Works	23.1	12.8	15.2	22.0	26.1	27.5	28.5
<b>Financial and Administrative Services</b>							
6 Government Communication and Information System	2.4	2.4	4.7	5.0	6.1	6.8	6.3
7 National Treasury	16.5	9.3	16.1	16.9	33.6	20.9	23.6
8 Public Administration Leadership and Management Academy	0.1	1.0	0.2	0.2	0.2	0.2	0.3
9 Public Service and Administration	1.6	2.2	2.8	2.7	2.8	2.9	3.1
10 Public Service Commission	0.4	0.7	0.7	0.8	0.9	1.0	1.1
11 Statistics South Africa	4.6	7.7	11.9	10.1	21.9	28.6	71.5
<b>Social Services</b>							
12 Arts and Culture	0.8	2.4	3.1	2.0	2.1	2.3	2.4
13 Education	1.9	15.0	25.9	7.1	2.3	2.6	2.8
14 Health	5.6	5.5	9.5	6.3	6.6	7.1	7.7
15 Labour	6.3	10.2	8.5	8.9	9.3	10.3	10.9
16 Social Development	0.9	2.2	1.7	2.0	2.1	2.4	2.5
17 Sport and Recreation South Africa	0.4	0.5	0.9	1.1	1.2	1.3	1.4
<b>Justice, Crime Prevention and Security</b>							
18 Correctional Services	103.2	111.4	125.6	76.0	89.5	94.8	100.5
19 Defence	71.1	85.6	87.4	117.7	113.6	122.7	127.9
20 Independent Complaints Directorate	0.6	0.5	0.6	0.6	0.7	0.7	0.7
21 Justice and Constitutional Development	6.9	12.4	18.3	37.5	39.6	44.1	47.6
22 Safety and Security	626.2	807.5	966.0	989.6	1 006.5	1 063.8	1 129.0
<b>Economic Services and Infrastructure</b>							
23 Agriculture	10.9	11.2	19.9	29.2	15.2	17.4	19.3
24 Communications	3.3	3.1	3.7	6.0	7.5	7.8	8.2
25 Environmental Affairs and Tourism	8.3	3.8	3.4	3.7	3.9	4.1	4.5
26 Housing	2.1	2.0	2.2	10.7	12.9	13.8	14.6
27 Land Affairs	11.8	11.6	9.0	9.4	9.9	10.4	11.0
28 Minerals and Energy	2.9	2.1	2.4	5.5	6.0	6.3	-
29 Provincial and Local Government	1.4	1.7	2.3	1.7	1.8	1.9	2.0
30 Public Enterprises	0.6	0.8	1.6	1.6	2.0	2.1	2.2
31 Science and Technology	3.3	1.0	3.6	5.2	5.0	5.1	5.4
32 Trade and Industry	12.2	3.2	1.0	2.5	9.3	8.0	9.5
33 Transport	2.9	3.0	3.2	1.8	3.9	4.0	4.0
34 Water Affairs and Forestry	34.9	37.0	38.9	40.8	63.1	65.7	67.3
<b>Total</b>	<b>1 005.9</b>	<b>1 221.6</b>	<b>1 453.8</b>	<b>1 499.3</b>	<b>1 570.2</b>	<b>1 656.2</b>	<b>1 782.4</b>

Table 8. Infrastructure expenditure per vote 2005/06 to 2011/12<sup>1</sup>

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Central Government Administration</b>							
3 Foreign Affairs	42.8	119.4	671.0	1 007.2	415.8	191.8	171.5
4 Home Affairs	72.4	45.9	61.4	68.0	56.1	70.0	138.8
5 Public Works	376.9	414.1	488.0	1 155.0	1 205.6	1 288.9	1 288.9
<b>Financial and Administrative Services</b>							
7 National Treasury	3 017.6	5 035.7	6 327.3	7 768.0	9 910.6	12 068.7	14 030.6
<b>Social Services</b>							
12 Arts and Culture	205.6	309.5	276.9	486.9	592.3	684.0	620.0
14 Health	1 020.1	1 498.9	2 118.5	2 438.7	2 815.0	3 021.8	3 026.9
15 Labour	37.2	69.3	38.8	46.1	46.4	14.9	12.4
17 Sport and Recreation South Africa	-	600.0	4 605.1	4 295.0	1 661.1	302.3	-
<b>Justice, Crime Prevention and Security</b>							
18 Correctional Services	834.1	580.7	873.4	885.5	897.9	913.5	968.3
19 Defence	191.5	97.8	406.6	638.1	924.4	1 054.5	764.0
21 Justice and Constitutional Development	306.3	323.7	361.1	568.8	593.2	631.5	679.4
22 Safety and Security	488.1	510.5	727.0	843.3	1 014.4	1 118.2	1 185.3
<b>Economic Services and Infrastructure</b>							
23 Agriculture	57.5	43.3	52.3	57.3	62.5	55.2	57.3
24 Communications	-	-	500.0	800.0	550.0	150.0	-
25 Environmental Affairs and Tourism	172.0	199.8	426.7	425.4	507.9	681.4	702.3
26 Housing	4 843.5	6 349.9	8 149.9	10 177.9	12 442.3	15 026.8	17 222.4
27 Land Affairs	6.0	8.7	3.3	5.2	4.4	4.0	3.8
28 Minerals and Energy	1 081.0	1 283.9	1 485.9	2 016.4	2 798.7	3 100.8	3 368.8
29 Provincial and Local Government	5 987.9	6 138.4	8 954.1	9 625.9	11 284.9	12 740.9	15 293.3
31 Science and Technology	-	353.0	263.5	604.9	869.4	970.3	1 044.7
32 Trade and Industry	101.5	502.8	911.0	967.6	1 283.3	610.7	643.2
33 Transport	1 495.3	5 621.6	7 328.8	10 610.6	11 924.1	13 508.9	15 778.3
34 Water Affairs and Forestry	359.6	640.4	1 165.9	1 587.7	1 712.2	1 899.3	1 932.3
<b>Total</b>	<b>20 696.9</b>	<b>30 747.4</b>	<b>46 196.5</b>	<b>57 079.5</b>	<b>63 572.6</b>	<b>70 108.3</b>	<b>78 932.7</b>

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

Table 9. Personnel expenditure per vote 2005/06 to 2011/12

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Central Government Administration</b>								
1 The Presidency	89.7	104.3	123.5	150.7	152.2	160.4	166.6	177.2
2 Parliament	401.2	446.6	521.0	562.8	562.8	725.7	765.6	807.7
3 Foreign Affairs	1 072.4	1 136.5	1 293.2	1 458.5	1 458.5	2 013.3	1 978.6	2 046.8
4 Home Affairs	717.9	844.7	1 087.0	1 439.5	1 439.5	1 608.6	1 853.3	2 085.4
5 Public Works	542.8	613.6	746.4	828.3	828.3	887.5	1 021.0	1 106.1
<b>Financial and Administrative Services</b>								
6 Government Communication and Information System	75.0	84.1	116.2	118.2	118.0	131.2	139.8	146.9
7 National Treasury	199.4	230.9	272.7	314.3	318.3	334.2	368.8	395.1
8 Public Administration Leadership and Management Academy	11.0	13.2	13.3	19.4	19.4	23.0	24.1	25.5
9 Public Service and Administration	72.1	92.5	115.8	133.1	130.6	137.9	159.5	171.2
10 Public Service Commission	57.0	61.5	70.2	82.4	82.4	90.1	99.5	109.8
11 Statistics South Africa	302.1	414.9	472.0	702.1	702.1	928.9	1 198.2	1 061.9
<b>Social Services</b>								
12 Arts and Culture	82.5	95.1	107.2	139.0	131.0	146.3	154.8	164.0
13 Education	188.8	207.0	249.7	308.1	308.1	346.0	366.8	384.6
14 Health	209.1	231.7	258.6	287.7	287.7	299.9	323.0	342.2
15 Labour	425.3	477.1	543.8	628.9	535.8	734.6	805.8	857.1
16 Social Development	93.2	111.1	133.6	192.5	181.5	220.0	231.2	245.0
17 Sport and Recreation South Africa	26.9	30.1	43.4	60.2	57.2	67.9	68.4	68.4
<b>Justice, Crime Prevention and Security</b>								
18 Correctional Services	5 091.8	5 606.6	6 799.2	7 604.6	7 604.6	8 292.4	8 816.6	9 259.1
19 Defence	8 196.4	9 037.6	9 735.9	10 908.1	10 908.1	11 751.9	12 309.4	13 145.9
20 Independent Complaints Directorate	30.2	36.8	45.7	54.8	54.8	65.2	70.1	73.8
21 Justice and Constitutional Development	3 266.6	3 695.2	4 338.9	5 194.0	5 272.9	6 150.9	6 586.5	7 033.6
22 Safety and Security	20 206.1	22 654.6	25 522.6	29 085.2	29 085.2	32 603.4	35 519.4	37 788.0
<b>Economic Services and Infrastructure</b>								
23 Agriculture	358.7	434.8	448.8	550.1	542.0	649.6	725.6	787.4
24 Communications	88.4	99.0	97.7	127.9	127.9	148.2	155.3	163.3
25 Environmental Affairs and Tourism	209.7	262.5	342.2	413.2	413.2	432.8	477.0	514.4
26 Housing	62.3	76.5	97.2	133.6	125.4	225.8	236.0	253.9
27 Land Affairs	359.4	403.6	473.6	731.9	731.9	942.9	972.2	1 031.3
28 Minerals and Energy	217.1	246.2	290.6	349.1	349.1	394.3	426.1	451.3
29 Provincial and Local Government	99.4	116.2	128.1	154.3	152.3	195.9	205.2	219.2
30 Public Enterprises	42.4	47.2	56.0	68.0	68.0	79.5	85.3	90.4
31 Science and Technology	65.1	83.7	104.1	135.9	135.9	192.8	204.2	215.9
32 Trade and Industry	230.6	283.6	327.5	412.0	412.0	450.5	476.2	486.1
33 Transport	96.9	111.2	131.3	230.2	186.0	212.8	208.9	221.3
34 Water Affairs and Forestry	1 128.6	1 226.4	1 162.6	1 332.4	1 326.5	1 327.9	1 314.1	1 399.6
<b>Total</b>	<b>44 316.0</b>	<b>49 616.5</b>	<b>56 269.8</b>	<b>64 911.0</b>	<b>64 809.3</b>	<b>72 972.1</b>	<b>78 513.1</b>	<b>83 329.4</b>



Table 10. Departmental receipts per vote 2005/06 to 2011/12<sup>1</sup>

R million	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimates		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Central Government Administration</b>								
1 The Presidency	0.1	1.7	0.3	0.2	0.2	0.3	0.3	0.4
2 Parliament	24.3	41.9	22.9	36.4	47.9	17.8	15.5	11.9
3 Foreign Affairs	42.2	46.3	65.1	21.4	37.3	39.2	41.1	43.2
4 Home Affairs	237.6	468.2	421.1	407.9	359.6	429.5	455.3	482.6
5 Public Works	98.1	79.9	95.8	23.0	23.0	25.6	26.6	27.7
<b>Financial and Administrative Services</b>								
6 Government Communication and Information System	0.7	3.1	3.1	2.7	3.3	2.9	3.0	3.0
7 National Treasury	2 520.0	4 355.1	5 095.8	5 084.7	5 623.3	4 898.5	4 503.4	4 399.1
8 Public Administration Leadership and Management Academy	0.2	0.2	0.5	0.1	0.2	0.1	0.1	0.1
9 Public Service and Administration	11.8	1.5	2.1	0.5	0.5	0.5	0.6	0.6
10 Public Service Commission	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3
11 Statistics South Africa	8.9	1.5	17.7	2.7	3.2	2.1	2.2	2.5
<b>Social Services</b>								
12 Arts and Culture	0.9	3.2	0.4	5.7	4.7	4.2	4.4	4.6
13 Education	13.4	6.8	8.7	7.2	7.9	7.8	8.0	8.2
14 Health	59.9	33.3	41.2	5.6	29.5	29.5	35.1	29.6
15 Labour	4.8	6.1	8.4	27.1	29.8	12.9	16.1	22.4
16 Social Development	0.3	865.3	237.0	2.4	0.1	0.2	0.2	0.2
17 Sport and Recreation South Africa	1.5	5.6	0.0	0.2	0.2	0.2	0.2	0.2
<b>Justice, Crime Prevention and Security</b>								
18 Correctional Services	83.3	100.0	136.3	131.2	131.2	135.3	143.4	152.0
19 Defence	729.1	492.8	551.9	474.7	672.8	582.3	595.3	608.6
20 Independent Complaints Directorate	0.2	0.0	0.4	0.1	0.1	0.1	0.1	0.1
21 Justice and Constitutional Development	340.2	319.5	317.0	398.4	393.4	420.3	445.4	469.1
22 Safety and Security	191.7	251.9	345.1	323.8	323.8	316.3	341.7	321.3
<b>Economic Services and Infrastructure</b>								
23 Agriculture	76.1	94.6	82.0	218.3	191.2	103.5	105.3	107.0
24 Communications	2 143.6	2 613.8	3 007.4	3 218.9	3 218.9	3 311.2	3 408.5	3 510.5
25 Environmental Affairs and Tourism	2.9	4.9	4.7	4.4	4.4	0.7	0.8	0.8
26 Housing	0.9	1.9	0.7	1.1	1.1	2.8	0.5	0.5
27 Land Affairs	273.4	158.8	176.4	204.4	60.0	218.2	237.3	256.7
28 Minerals and Energy	133.6	191.0	268.3	198.1	199.9	203.1	209.2	215.5
29 Provincial and Local Government	0.3	6.8	0.7	0.4	0.5	0.6	0.6	0.6
30 Public Enterprises	1 011.3	0.1	0.1	0.1	0.6	0.1	0.1	0.1
31 Science and Technology	0.2	1.0	0.2	0.1	0.1	0.1	0.1	0.1
32 Trade and Industry	203.3	244.1	323.5	289.9	286.9	311.5	338.4	358.7
33 Transport	235.7	330.4	362.5	186.5	153.7	122.1	127.8	137.4
34 Water Affairs and Forestry	129.3	183.6	39.1	92.0	92.0	91.6	90.7	83.9
Total departmental receipts as per Estimates of National Expenditure	8 580.2	10 915.2	11 636.6	11 370.6	11 901.3	11 291.0	11 157.3	11 259.5
Less: Parliament (retained departmental receipts)	24.3	41.9	22.9	36.4	47.9	17.8	15.5	11.9
Plus: South African Revenue Service departmental receipts collection	141.3	(30.0)	58.0	383.4	498.2	328.4	3 233.6	4 178.7
<b>Total departmental receipts as per Budget Review</b>	<b>8 697.1</b>	<b>10 843.3</b>	<b>11 671.7</b>	<b>11 717.6</b>	<b>12 351.6</b>	<b>11 601.6</b>	<b>14 375.3</b>	<b>15 426.3</b>

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

# Information contained in each chapter

The Estimates of National Expenditure publication is tabled in Parliament by the Minister of Finance on the day the main Budget is tabled. It provides details about the expenditure appropriated in the Appropriation Bill, which is tabled on the same day.

Each chapter depicts a single vote. A vote specifies the total amount appropriated per department. A vote is one of the main segments of the Budget. By appropriating funds from the National Revenue Fund through the appropriation acts, Parliament authorises expenditure.

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

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

The groupings are informal and not consistent with the more rigorous functional classification of expenditure reported in terms of the standard chart of accounts.

**The chapter for each vote contains the following information:**

## Budget summary

This table shows the budgeted expenditure for the particular vote for the coming three financial years, that is for the medium term expenditure framework (MTEF) period.

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation	–	–	–	–	–	–
<b>Total</b>	–	–	–	–	–	–
Direct charges against the National Revenue Fund	–	–	–	–	–	–
<b>Total expenditure estimates</b>	–	–	–	–	–	–
Executive authority	Minister					
Accounting officer	Director-General / Chief Operating Officer					
Website address						

The 2009/10 **Total to be appropriated** shows the expenditure allocation for 2009/10 and corresponds with the information in the 2009 Appropriation Bill.

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

**Current payments** are payments made by the department for its operational requirements, including for compensation of employees, goods and services, interest, rental of immovable property and financial transactions relating to assets and liabilities, but excluding transfers and subsidies, payments for capital assets and payments made under section 73 of the Public Finance Management Act (1999).

**Transfers and subsidies** are payments made by a national department to another organ of state or to a person or organisation outside government for which the department does not receive a direct benefit of similar value in

return. These include transfers to provinces and municipalities as payment for conditional grants and the provincial equitable share.

**Payments for capital assets** are payments made by a national department for assets that can be used continuously or repeatedly for more than one year and which are expected to have future economic benefits or service potential for the department. The payments must be classified as or deemed to be for capital assets in accordance with the Reference Guide to the New Economic Reporting Format (November 2003, Version 2) and the Asset Management Framework (April 2004, Version 3.3), issued by National Treasury under section 76 of the Public Finance Management Act.

Estimates for the two outer years of the expenditure framework, **2010/11** and **2011/12**, are also shown. These estimates are not included in the 2009 Appropriation Bill as they are merely indicative of expenditure levels in the outer years of the MTEF period. Parliament typically only appropriates or authorises expenditure for one financial year at a time. These forward estimates or indicative allocations do, however, form the basis for the planning of the 2010 Budget.

The **direct charges** against the National Revenue Fund are amounts appropriated in terms of statutes and do not require parliamentary approval. These include, for example, state debt costs.

The **executive authority** and **accounting officer** are specified as they are accountable for the vote.

## Aim

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

## Programme purposes

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

## Strategic overview: 2005/06 – 2011/12

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

## Selected performance and operations indicators

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12

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

**Indicators** are defined as specific numerical measurements that track progress towards achieving the goals of the department or entity. The indicators may reflect inputs, activities, outputs, outcomes or in certain instances explanatory information about the factors that could affect performance.

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

## Expenditure estimates

This table shows expenditure outcomes and estimates over a seven-year period, by vote programme and by economic classification item. Figures are mostly denoted in rand million unless otherwise indicated. Due to rounding off, the figures do not necessarily add up to the total.

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	-	-	-	-	-	-	-	-
<b>Subtotal</b>								
Direct charge against the National Revenue Fund	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
Change to 2008 Budget estimate				-	-	-	-	-
<b>Economic classification</b>								
Current payments	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

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

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

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

The **revised estimate** for 2008/09 represents National Treasury's current estimate, in consultation with the department, of expenditure outcomes. This does not imply a change in the amount voted to the department in the 2008/09 adjusted appropriation; it is merely a more recent estimate of what the department will indeed spend.

The medium-term expenditure estimates are shown for the 2009/10, 2010/11 and 2011/12.

The spending figures for 2009/10 constitute the proposed appropriation to be funded from the National Revenue Fund that is contained in the main Appropriation Bill, which has to be approved by Parliament after it has been tabled.

The **medium-term expenditure estimates** for 2010/11 and 2011/12 are indicative allocations, and will form the basis for planning the 2010 Budget.

The **direct charges** against the National Revenue Fund are amounts appropriated in terms of statutes and do not require parliamentary approval. These include, for example, state debt costs.

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

For comparability, where programme structures have been changed in recent years, expenditure has, where possible, been reallocated to the new approved programme structure for all the years.

## Expenditure trends

The main expenditure trends and vote programme structure changes from 2005/06 to 2011/12 are described. The trends may be represented over the MTEF period between 2008/09 and 2011/12, or over the entire period between 2005/06 and 2011/12.

Expenditure growth in the historical period is also typically compared to expenditure anticipated over the MTEF period. Reasons and explanations are given for trends that are identified, and the significant increases or decreases in expenditure are explained in terms of the underlying policies and service delivery objectives that inform the trends. A summary of the new (additional) allocations to the vote programme's baseline budget is given. The baseline is derived from the previous year's forward estimates. Significant efficiency savings, programme expenditure reductions and reprioritisations are discussed. Savings have been effected on non-essential expenditure through limiting foreign travel and expenditure, marketing, entertainment, consultancy services and curbing wasteful spending in general. Explanations are given for a range of cost saving measures focused on goods and services, foreign travel and other excessive expenditure.

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

## Departmental receipts

Departmental (non-tax) receipts for 2008/09 are described, as well as the anticipated receipts for the MTEF period.

### Departmental receipts

	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
Departmental receipts	-	-	-			-	-	-
Total	-	-	-			-	-	-

## Information on each programme

Each programme section (with the exception of the *Administration* programme) opens with the purposes of the subprogrammes that form the basis of that programme. The unit of service delivery and the principle for distributing funds across service centres is also described.

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

## Objectives and measures

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

For example: Improve public health (objective) by increasing the number of mice trapped each year from 100 to 150 (progress measure) through the design and rollout of a new mouse trap (specific intervention) before March 2010 (progress measure).

## Service delivery and spending focus

The MTEF spending focus is described for the programme as a whole. The activities, transfers, subsidies or subcomponents are described for each programme, capturing how funding allocated to a particular subprogramme is ultimately used.

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

## Expenditure estimates (per programme)

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

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-
Change to 2008 Budget estimate				-	-	-	-
<b>Economic classification</b>							
<b>Current payments</b>	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-

## Expenditure trends (per programme)

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

## Public entities and other agencies

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

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

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

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

## Additional tables

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

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

This table shows the budgeted expenditure and the actual outcome or revised estimate for 2007/08 and 2008/09.

### Summary of personnel numbers and compensation of employees

Labour employment information is provided for the department. The amount spent by a department on compensation of employees is shown.

Information is provided on different categories of employees: **permanent, full time contract workers; part time and temporary contract workers** and **interns**. Information on **learnerships** is also provided.

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

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

### Summary of expenditure on training

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

### Summary of conditional grants to provinces and municipalities

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

### Summary of departmental public private partnerships projects

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

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

**Unitary fee** refers to the combined payment made to the private party for the provision of both the infrastructure and related services.

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

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

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

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

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

## Summary of donor funding

Donor funding is funding received by the department over and above the allocations provided in appropriation legislation.

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

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

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

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

## Summary of expenditure on infrastructure

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

**Mega** projects or programmes are projects or programmes that are estimated to cost more than R300 million per year for a minimum of three years or have a total cost of R900 million or more.

**Large** projects or programmes are projects or programmes that are estimated to cost between R50 million and R300 million per year over the MTEF period.

**Small** projects or programmes are projects or programmes estimated to cost less than R50 million per year. These may be grouped together or shown separately.

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





# Vote 1

## The Presidency

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	190.5	180.2	3.1	7.2	201.4	211.3
Communications	24.3	24.2	–	0.1	25.6	27.1
Executive Coordination	110.1	84.0	25.9	0.2	106.4	111.3
<b>Total</b>	<b>324.8</b>	<b>288.4</b>	<b>29.0</b>	<b>7.4</b>	<b>333.4</b>	<b>349.7</b>
<b>Direct charge against the National Revenue Fund</b>						
Salary of the President	2.3	2.3	–	–	2.4	2.5
Salary of the Deputy President	2.0	2.0	–	–	2.2	2.3
<b>Total expenditure estimates</b>	<b>329.1</b>	<b>292.7</b>	<b>29.0</b>	<b>7.4</b>	<b>338.0</b>	<b>354.6</b>
Executive authority	Minister in The Presidency					
Accounting officer	Chief Operations Officer in The Presidency					
Website address	<a href="http://www.thepresidency.gov.za">www.thepresidency.gov.za</a>					

### Aim

*The aim of The Presidency is to lead, manage and develop the strategic agenda of government and oversee and ensure its realisation by government as a whole.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide effective leadership, management and administrative support services to the principals and branches of The Presidency.

#### Programme 2: Communications

**Purpose:** Provide a comprehensive communications, research, knowledge and information management service to enable The Presidency to communicate effectively with all its stakeholders, including the public and government.

#### Programme 3: Executive Coordination

**Purpose:** Strengthen the strategic management and leadership capability of government by aligning the strategies of all spheres of government and state owned enterprises.

### Strategic overview: 2005/06 – 2011/12

The Presidency's principle objective is to formulate and lead the strategic agenda of government and to ensure that it is actualised. As such, The Presidency seeks to enable the national executive to act in collaboration with society to create conditions that will ensure integrated socioeconomic development country wide through

economic growth and inclusion, as well as the attainment of the goals of halving poverty and unemployment by 2014.

In line with its mandate, The Presidency facilitates the execution of a coherent developmental strategy, evaluates the impact of this strategy against desired outcomes, and ensures that systems and resources are in place to enable the implementation of government's programme of action. Furthermore, it intervenes, when necessary, to facilitate the removal of implementation obstacles, and acts to improve or change strategy where desired outcomes have not been achieved. The Cabinet Office and Policy Coordination and Advisory Services facilitate the integration of policy processes across government and provide strategic, technical and administrative support to the five directors-general clusters.

Some of the priority imperatives which continue to shape the outputs of The Presidency are as follows:

- Lead and facilitate the development, implementation and maintenance of a coordinated government wide monitoring and evaluation system.
- Develop a national vision and coherent national strategic plan with the associated political, technical and administrative capacity in the short and medium term.
- Facilitate participatory and democratic governance systems that contribute to the mobilisation of society in a way that achieves nation building and social cohesion and gives effect to the People's Contract (the partnership between government and the citizenry). Unmediated interaction between government and the people will continue to be achieved through the recently reviewed imbizos system, a key tool for institutionalising public participation.
- Facilitate an integrated approach to governance and accountability across government for accelerated service delivery. The focus of The Presidency and government is to accelerate the implementation of government's programmes, in particular the 24 apex priority projects (designed to improve government's ability to deliver on its larger programme of action and to improve social cohesion in the build-up to the 2010 FIFA World Cup).
- Strengthen strategic management and leadership capability across government, as well as integrated planning and coordination. The medium term strategic framework and the national planning framework for all spheres of government have been developed. Together with the national spatial development perspective, these aim to bring about and guide integrated planning in departments and clusters. The aim of the national spatial development perspective is to align provincial and local government plans with the national perspective so as to ensure integrated planning.
- Champion the implementation of the national strategic plan on HIV and AIDS through the South African National AIDS Council, chaired by the deputy president. To accelerate the implementation of the national strategic plan, the focus is on strengthening the secretariat of the South African National AIDS Council and improving the quality and quantity of all government and sectoral interventions, including the massive expansion by the Department of Health of the Khomani/Caring Together campaign.
- Champion the national electricity efficiency programme through a mass media campaign and the support of the energy champions, who comprise prominent South Africans from various sectors, to encourage the nation and the respective sectors to save electricity.
- Ensure effective oversight of the implementation of government's 2010 FIFA World Cup commitments.
- Strategically position South Africa globally. Facilitate a coordinated approach to marketing South Africa to advance its political, economic, and peace and security objectives.
- Facilitate South Africa's role in Africa and the world for improved conditions of peace, stability, security, democracy and good governance, towards sustainable development. In the international relations, peace and security sector, The Presidency will facilitate assessments and projections with regard to regional, continental and global environments, and South Africa's role in these contexts. Work will continue with the various interdepartmental task teams on the main pillars of South Africa's international engagements, such as the India-Brazil-South Africa Summit, the Bi-National Commissions, the South Africa-European Union strategic partnership and South Africa's participation in other forums in Africa and the world. Efforts will continue with regard to strengthening the Southern African Development Community (SADC), the African Union (AU) and its structures, giving support for the implementation of the New Partnership for Africa's

Development (NEPAD), post-conflict reconstruction and development on the continent, as well promoting peace and stability in Africa.

- Continue to contribute towards the advancement of the African Agenda through leading South Africa's efforts to restore peace in the Great Lakes region and the Democratic Republic of Congo, and through diplomatic interventions aimed at furthering peace and stability in Burundi, the Comoros, Sudan and Zimbabwe. South Africa remains engaged with the AU and NEPAD, and in August 2008 assumed the chair of SADC. Over the past two years, South Africa has been a non-permanent member of the United Nations (UN) Security Council. South Africa continues to play a role in efforts to bring peace and stability to the Middle East, promote South-South cooperation with countries such as India, Brazil and China, and actively engage with the G8.
- The Presidency is developing policies and processes aimed at ensuring a seamless transition to the government that will be elected in 2009.

The strategic thrust of The Presidency will be further informed and refined by the priorities that will be articulated by the incoming administration following the formation of a new government following this year's national elections.

## Selected performance and operations indicators

**Table 1.1 The Presidency**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
Number of households surveyed on income, consumption and expenditure in the national income dynamics study each year	Executive Coordination	–	–	8 000	7 402	8 000	0	8 000
Total number of districts and municipalities where gender, disability, children and youth mainstreaming are conceptualised and advocated	Executive Coordination	–	15	125	140	284	284	284
Percentage of project cards reported on per programme of action cycle	Executive Coordination	100	100	100	78	100	100	100
Number of new districts' integrated development plans aligned with the national spatial development perspective and provincial growth and development plans	Executive Coordination	–	13	10	15	14	9	6

## Expenditure estimates

**Table 1.2 The Presidency**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	128.6	158.0	162.2	200.2	200.2	190.5	201.4	211.3
2. Communications	11.0	14.1	16.2	23.1	23.1	24.3	25.6	27.1
3. Executive Coordination	50.5	64.2	85.8	88.4	88.4	110.1	106.4	111.3
<b>Subtotal</b>	<b>190.1</b>	<b>236.3</b>	<b>264.2</b>	<b>311.7</b>	<b>311.7</b>	<b>324.8</b>	<b>333.4</b>	<b>349.7</b>
<b>Direct charge against the National Revenue Fund</b>	<b>2.0</b>	<b>2.2</b>	<b>2.3</b>	<b>2.5</b>	<b>4.0</b>	<b>4.3</b>	<b>4.6</b>	<b>4.8</b>
Salary of the President	1.1	1.2	1.3	1.3	2.1	2.3	2.4	2.5
Salary of the Deputy President	0.9	1.0	1.0	1.1	1.9	2.0	2.2	2.3
<b>Total</b>	<b>192.1</b>	<b>238.4</b>	<b>266.5</b>	<b>314.2</b>	<b>315.7</b>	<b>329.1</b>	<b>338.0</b>	<b>354.6</b>
Change to 2008 Budget estimate				21.7	23.2	23.6	26.1	27.0

Table 1.2 The Presidency (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>158.8</b>	<b>203.3</b>	<b>236.7</b>	<b>277.1</b>	<b>278.7</b>	<b>292.7</b>	<b>299.1</b>	<b>313.3</b>
Compensation of employees	89.7	104.3	123.5	150.7	152.2	160.4	166.6	177.2
Goods and services	68.7	98.8	113.3	126.4	126.4	132.3	132.5	136.0
of which:								
Administrative fees	0.1	0.1	0.1	2.2	2.2	2.2	2.4	2.8
Advertising	0.7	2.0	1.3	4.6	4.6	4.6	5.0	5.7
Assets less than R5 000	2.2	2.3	2.6	4.2	4.2	3.3	2.7	2.0
Audit costs: External	0.8	1.1	0.8	1.3	1.3	1.3	1.4	1.7
Bursaries (employees)	0.8	1.5	2.3	1.9	1.9	1.5	1.6	1.8
Catering: Departmental activities	2.0	3.7	4.1	4.0	4.0	5.5	5.8	5.0
Communication	7.6	9.6	10.9	11.4	11.4	11.3	12.8	14.0
Computer services	3.3	2.0	2.0	7.1	7.1	6.6	7.1	5.4
Consultants and professional services:	2.3	7.1	1.4	22.8	22.8	37.2	31.4	29.0
Business and advisory services								
Consultants and professional services:	1.9	0.5	0.4	5.2	5.2	0.6	0.7	0.8
Legal costs								
Contractors	4.4	1.5	3.1	3.2	3.2	3.1	3.4	3.9
Agency and support / outsourced services	3.9	7.2	27.7	0.8	0.8	0.8	0.9	1.0
Inventory: Food and food supplies	0.7	0.8	1.0	1.0	1.0	1.0	1.0	1.2
Inventory: Other consumables	0.7	0.4	0.4	1.5	1.5	1.4	1.5	1.8
Inventory: Stationery and printing	3.0	3.8	3.4	2.1	2.1	2.1	2.7	2.6
Lease payments	2.2	2.7	3.1	2.9	2.9	2.8	2.9	3.5
Travel and subsistence	27.0	39.8	40.1	40.4	40.4	36.1	37.2	41.1
Operating expenditure	2.0	4.4	3.5	4.4	4.4	5.4	5.6	5.3
Venues and facilities	3.0	8.6	5.0	5.1	5.1	5.4	6.3	7.3
Financial transactions in assets and liabilities	0.4	0.1	–	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>27.4</b>	<b>27.9</b>	<b>25.1</b>	<b>28.5</b>	<b>28.5</b>	<b>29.0</b>	<b>30.7</b>	<b>32.5</b>
Provinces and municipalities	0.3	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	26.2	23.2	24.6	28.3	28.3	28.9	30.6	32.4
Public corporations and private enterprises	0.2	3.2	0.0	0.1	0.1	0.1	0.1	0.1
Households	0.8	0.9	0.4	0.0	0.0	–	–	–
<b>Payments for capital assets</b>	<b>5.9</b>	<b>7.2</b>	<b>4.7</b>	<b>8.6</b>	<b>8.6</b>	<b>7.4</b>	<b>8.1</b>	<b>8.8</b>
Machinery and equipment	5.9	7.2	4.7	8.6	8.6	7.4	8.1	8.8
<b>Total</b>	<b>192.1</b>	<b>238.4</b>	<b>266.5</b>	<b>314.2</b>	<b>315.7</b>	<b>329.1</b>	<b>338.0</b>	<b>354.6</b>

## Expenditure trends

Between 2005/06 and 2008/09, total expenditure increased at an average annual rate of 17.8 per cent to accommodate the increase in personnel costs and goods and services. Goods and services increased by 22.5 per cent on average from 2005/06 to 2008/09. Expenditure is expected to grow from R314.2 million in 2008/09 to R354.6 million in 2011/12, at an average annual rate of 4.1 per cent.

The 2009 Budget includes additional funds of R30.7 million (2009/10), R33.4 million (2010/11) and R34.5 million (2011/12) for:

- administrative capacity relating to the corporate services environment (R16 million)
- planning, monitoring and evaluation (R8.6 million)
- the national income dynamics survey (R44.2 million)
- gender, disability and children (R6.2 million)
- the war room on poverty (R10.7 for 2009/10 and 2010/11)
- inflationary adjustments for salaries and capital assets (R12.9 million over the medium term).

Over the medium term, savings of R7.2 million, R7.3 million and R 7.5 million have been identified in goods and services, and transfer payments to public entities.

## Departmental receipts

Departmental receipts consist mainly of recovered advances and debts, and the renting out of state property. The increase in revenue from the sale of capital assets in 2006/07 was due to the sale of official vehicles. Receipts are deposited into the National Revenue Fund.

**Table 1.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>126</b>	<b>1 738</b>	<b>289</b>	<b>234</b>	<b>175</b>	<b>264</b>	<b>311</b>	<b>367</b>
Sales of goods and services produced by department	69	76	99	175	145	210	252	302
Sales of scrap, waste, arms and other used current goods	–	4	5	–	–	–	–	–
Interest, dividends and rent on land	3	4	19	11	10	13	16	19
Sales of capital assets	–	1 076	32	–	–	–	–	–
Financial transactions in assets and liabilities	54	578	134	48	20	41	43	46
<b>Total</b>	<b>126</b>	<b>1 738</b>	<b>289</b>	<b>234</b>	<b>175</b>	<b>264</b>	<b>311</b>	<b>367</b>

## Programme 1: Administration

### Expenditure estimates

**Table 1.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	0.9	1.0	1.0	1.7	1.8	1.9
Management	86.9	105.5	114.0	145.0	137.0	145.4	153.0
Support Services to President	30.9	38.6	31.9	38.0	36.6	37.7	39.3
Support Services to Deputy President	9.9	13.0	15.3	16.1	15.2	16.5	17.1
<b>Total</b>	<b>128.6</b>	<b>158.0</b>	<b>162.2</b>	<b>200.2</b>	<b>190.5</b>	<b>201.4</b>	<b>211.3</b>
Change to 2008 Budget estimate				16.2	2.3	1.9	2.9

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

#### Economic classification

<b>Current payments</b>	<b>113.5</b>	<b>142.4</b>	<b>153.4</b>	<b>187.7</b>	<b>180.2</b>	<b>190.4</b>	<b>199.8</b>
Compensation of employees	61.4	71.5	81.7	101.1	106.3	109.3	116.5
Goods and services	51.9	70.8	71.7	86.5	73.9	81.2	83.3
of which:							
Administrative fees	0.1	0.1	0.1	2.2	2.2	2.4	2.8
Advertising	0.7	1.5	1.0	4.1	4.0	4.4	5.1
Assets less than R5 000	2.0	2.1	2.5	3.8	2.9	2.3	1.5
Audit costs: External	0.8	1.1	0.8	1.3	1.3	1.4	1.7
Bursaries (employees)	0.7	1.3	1.8	1.5	1.2	1.2	1.4
Catering: Departmental activities	0.9	1.8	2.5	2.4	2.7	2.9	3.5
Communication	6.7	8.5	9.7	9.9	9.8	11.3	12.3
Computer services	3.3	2.0	2.0	6.4	4.8	5.2	4.3
Consultants and professional services: Business and advisory services	2.2	2.0	1.3	6.9	5.2	7.0	5.4
Consultants and professional services: Legal costs	1.9	0.5	0.4	5.2	0.6	0.6	0.7
Contractors	4.4	1.3	3.0	2.9	2.9	3.1	3.6
Agency and support / outsourced services	2.3	5.3	9.2	0.8	0.8	0.8	1.0
Inventory: Food and food supplies	0.7	0.8	1.0	0.9	0.9	1.0	1.1
Inventory: Other consumables	0.7	0.4	0.4	1.4	1.4	1.5	1.8
Inventory: Stationery and printing	1.5	2.6	2.2	1.5	1.4	2.0	1.8
Lease payments	1.6	1.9	1.7	1.7	1.7	1.8	2.1
Travel and subsistence	19.2	28.4	28.6	29.4	25.9	26.8	27.9
Operating expenditure	1.2	2.7	2.0	2.2	2.1	2.3	2.7
Venues and facilities	1.0	6.5	1.6	1.8	1.8	2.7	2.3
Financial transactions in assets and liabilities	0.2	0.1	–	–	–	–	–

Table 1.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>9.4</b>	<b>8.7</b>	<b>4.5</b>	<b>4.1</b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>
Provinces and municipalities	0.2	0.1	0.0	–	–	–	–
Departmental agencies and accounts	8.2	4.0	4.0	4.0	3.0	3.0	3.0
Public corporations and private enterprises	0.2	3.2	0.0	0.1	0.1	0.1	0.1
Non-profit institutions	–	0.4	–	–	–	–	–
Households	0.8	0.9	0.4	0.0	–	–	–
<b>Payments for capital assets</b>	<b>5.7</b>	<b>6.9</b>	<b>4.3</b>	<b>8.4</b>	<b>7.2</b>	<b>7.9</b>	<b>8.5</b>
Machinery and equipment	5.7	6.9	4.3	8.4	7.2	7.9	8.5
<b>Total</b>	<b>128.6</b>	<b>158.0</b>	<b>162.2</b>	<b>200.2</b>	<b>190.5</b>	<b>201.4</b>	<b>211.3</b>

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>8.2</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
South African Chapter of the Renaissance	1.0	1.0	1.0	1.0	–	–	–
Isigodlo Trust	4.2	3.0	3.0	3.0	3.0	3.0	3.0
Africa Institute of South Africa	3.0	–	–	–	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>–</b>	<b>3.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Development Bank of Southern Africa	–	3.1	–	–	–	–	–
<b>Non-profit institutions</b>							
<b>Current</b>	<b>–</b>	<b>0.4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Centre for African Renaissance Studies	–	0.4	–	–	–	–	–

## Expenditure trends

Spending in the *Administration* programme increased at an average annual rate of 15.9 per cent between 2005/06 and 2008/09, mainly due to funds allocated in the 2008 adjusted estimates. An additional R16.2 million was allocated, with R7.5 million from the rollover of funds and R6.2 million for unforeseen and unavoidable expenditure.

The growth of 18.6 per cent in the *Management* subprogramme between 2005/06 and 2008/09 was mainly due to the increase in capacity, relocation of offices and the settlement of administrative costs.

Compensation of employees increases by R16 million over the medium term and inflationary adjustments make up the remainder of the increase.

## Programme 2: Communications

*Communications* provides communications services to The Presidency by assisting the president and other principals to communicate effectively with the public and within government. This is done through research, speech writing, media liaison and the imbizo programmes.

The programme is structured around the following functions:

- research, speech writing, monitoring of external communications, and writing services
- media liaison: communications support to the principals and external stakeholders on behalf of The Presidency
- public participation and public relations: management of public participation programmes, including the imbizo public relations services, and support for outreach events, including the coordination of visits by the public to The Presidency, and events management

- internal communications services: branding of The Presidency and the production of publications and information services to The Presidency staff and the public, including The Presidency newsletter, the annual report, the intranet, The Presidency website, the library, and information management services.

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

## Objectives and measures

- Ensure a well coordinated public relations strategy by providing regular communications research, and drafting and publication services for speeches, reports, brochures, articles and letters to the media.
- Improve public participation, events management and public relations services through outreach events such as imbizos and visits to the Union buildings.
- Implement a communications strategy through the production of publications and the provision of information services such as internal newsletters, electronic bulletins, annual reports and branding.
- Improve internal communications by issuing a weekly newsletter to all staff.

## Service delivery and spending focus

The Presidency continued to facilitate direct communication between the political principals and the public through imbizos, a key tool for encouraging public participation. It also set up a meeting between the Cabinet (led by the president) and the South African National Editors Forum, and arranged media engagements for the president and the deputy president, including interviews and media briefings.

Following the meeting with the South African National Editors Forum, media briefings on specific government programmes and the Cabinet lekgotla, relationships between government and the media have improved. Generally, the media were provided increased access to the president, deputy president and the minister in The Presidency, as well as the senior management of The Presidency.

## Expenditure estimates

**Table 1.5 Communications**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Communications	11.0	14.1	16.2	23.1	24.3	25.6	27.1
<b>Total</b>	<b>11.0</b>	<b>14.1</b>	<b>16.2</b>	<b>23.1</b>	<b>24.3</b>	<b>25.6</b>	<b>27.1</b>
Change to 2008 Budget estimate				0.3	0.1	0.1	0.1

### Economic classification

<b>Current payments</b>	<b>11.0</b>	<b>14.1</b>	<b>16.1</b>	<b>23.1</b>	<b>24.2</b>	<b>25.5</b>	<b>27.1</b>
Compensation of employees	6.8	7.3	10.0	16.8	17.8	18.6	19.7
Goods and services	4.1	6.7	6.1	6.3	6.4	6.9	7.3
of which:							
Advertising	0.0	–	0.2	0.4	0.4	0.5	0.5
Communication	0.3	0.4	0.3	0.6	0.6	0.6	0.7
Consultants and professional services: Business and advisory services	0.0	–	0.1	0.5	0.5	0.5	0.5
Agency and support / outsourced services	0.1	0.7	0.9	0.0	0.0	0.0	0.0
Inventory: Stationery and printing	0.4	0.4	0.5	0.1	0.1	0.1	0.1
Travel and subsistence	2.5	3.5	2.5	2.5	2.5	2.8	2.9
Operating expenditure	0.4	1.2	0.9	1.4	1.5	1.6	1.7
Financial transactions in assets and liabilities	0.0	0.0	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>–</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Machinery and equipment	–	0.0	0.1	0.1	0.1	0.1	0.1
<b>Total</b>	<b>11.0</b>	<b>14.1</b>	<b>16.2</b>	<b>23.1</b>	<b>24.3</b>	<b>25.6</b>	<b>27.1</b>



## Expenditure trends

Expenditure increased at an average annual rate of 28.2 per cent between 2005/06 to 2008/09 and slows down to 5.5 per cent over the medium term. The expansion of the *Communications* subprogramme, which resulted in increased spending, will stabilise over the MTEF period.

## Programme 3: Executive Coordination

- *Policy Coordination* is responsible for: overseeing the development and implementation of policy in government through engaging with the clusters of directors-general, provincial directors-general, and other top officials; providing strategic support and advice to the principals in The Presidency; and overseeing the government wide monitoring and evaluation system and the national spatial development perspective.
- *Gender, Disability and Children* oversees, monitors and coordinates the work of the Office of the Status of Women, the Office of the Rights of the Child and the Office of the Status of Disabled People.
- *Cabinet Office* facilitates Cabinet processes and ensures that Cabinet can operate effectively. This includes managing documentation and meetings, providing quality control services, and monitoring the implementation of Cabinet decisions.
- *National Youth Commission* facilitates, coordinates and monitors policies and programmes to promote youth development. Funding for the *National Youth Commission* subprogramme is provided through a transfer payment.

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

## Objectives and measures

- Improve government planning and policy making by reviewing and updating the medium term strategic framework every year to include outcomes, interventions and progress.
- Operationalise planning capacity at the centre of government by developing a long term development vision and a road map.
- Align the development plans of the 3 spheres of government by rolling out the national spatial development perspective framework to 29 districts by 2009/10.
- Report on government's programme of action by leading a coordinated government wide monitoring and evaluation system and publishing a standardised set of development indicators every year.
- Mainstream gender, disability, child and youth issues by coordinating focal points in the offices of premiers and mayors, and in departments.
- Strengthen the leading role of The Presidency in global governance, bilateral and multilateral relations, South-South cooperation, and the implementation of the African Agenda by engaging in international forums.
- Ensure strategies and plans for accelerated and shared economic growth are implemented by facilitating and coordinating initiatives such as the Joint Initiative for Priority Skills Acquisition and the Accelerated and Shared Growth Initiative for South Africa.

## Service delivery and spending focus

South Africa's planning system has evolved and improved since 1994, and now embodies a variety of planning instruments. The medium term strategic framework sets the medium term strategic objectives of government. The electoral mandate of the government constitutes the fundamental core of the framework, and is reviewed annually to respond to the ever changing dynamics in the South African society and beyond. The medium term strategic framework and the annual reviews inform the 3-year MTEF and provide the basis for government's annual programme of action, as well as the planning and budgeting decisions made throughout government.

The medium term strategic framework process has improved steadily over recent years and endeavours to shape the MTEF and ensure that the budgetary allocations reflect the strategic priorities of government. The Ministers'

Committee on the Budget plays an important political oversight role in ensuring that allocations are aligned with the priorities of government.

Monitoring and evaluation activities enable government to reflect on the impact and effectiveness of the policy choices and programme targets selected. To this end, Cabinet in 2005 approved an implementation plan to develop a monitoring and evaluation system across all national government departments. The Presidency has been responsible for facilitating the implementation of the government wide monitoring and evaluation system and promoting the use of appropriate performance indicators to measure delivery. Progress to date includes the re-establishment of the monitoring and evaluation task team and the creation of a coordinated policy platform for monitoring and evaluation across government. The Presidency publishes annual development indicators aimed at providing an assessment of the progress made by the South African society.

## Expenditure estimates

**Table 1.6 Executive Coordination**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Policy Coordination	14.1	23.0	40.3	38.6	56.7	49.7	49.6
Gender, Disability and Children	11.1	11.9	12.8	14.0	14.9	15.8	18.1
Cabinet Office	7.3	10.0	12.1	11.5	12.6	13.3	14.1
National Youth Commission	18.0	19.2	20.6	24.3	25.9	27.6	29.5
<b>Total</b>	<b>50.5</b>	<b>64.2</b>	<b>85.8</b>	<b>88.4</b>	<b>110.1</b>	<b>106.4</b>	<b>111.3</b>
Change to 2008 Budget estimate				5.2	19.4	22.3	22.1
<b>Economic classification</b>							
<b>Current payments</b>	<b>32.3</b>	<b>44.6</b>	<b>65.0</b>	<b>63.9</b>	<b>84.0</b>	<b>78.6</b>	<b>81.6</b>
Compensation of employees	19.5	23.4	29.5	30.3	31.9	34.2	36.2
Goods and services	12.7	21.3	35.5	33.6	52.0	44.4	45.4
of which:							
Advertising	0.0	0.5	0.1	0.1	0.1	0.1	0.2
Bursaries (employees)	0.1	0.1	0.5	0.4	0.3	0.3	0.4
Catering: Departmental activities	1.1	1.8	1.5	1.3	2.5	2.5	1.2
Communication	0.6	0.7	0.9	0.9	0.9	0.9	1.0
Computer services	0.0	–	–	0.6	1.8	1.9	1.0
Consultants and professional services: Business and advisory services	0.0	5.0	0.1	15.4	31.5	23.8	23.0
Agency and support / outsourced services	1.5	1.1	17.6	–	–	–	–
Inventory: Stationery and printing	1.1	0.7	0.8	0.6	0.5	0.6	0.7
Lease payments	0.5	0.7	1.3	1.1	1.0	1.0	1.3
Travel and subsistence	5.3	7.9	9.0	8.5	7.6	7.6	10.2
Operating expenditure	0.4	0.5	0.6	0.8	1.7	1.7	0.9
Venues and facilities	1.9	2.0	3.1	3.2	3.5	3.5	4.9
Financial transactions in assets and liabilities	0.1	0.0	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>18.0</b>	<b>19.2</b>	<b>20.6</b>	<b>24.3</b>	<b>25.9</b>	<b>27.6</b>	<b>29.5</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	18.0	19.2	20.6	24.3	25.9	27.6	29.5
Households	0.0	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Machinery and equipment	0.1	0.3	0.2	0.2	0.2	0.2	0.2
<b>Total</b>	<b>50.5</b>	<b>64.2</b>	<b>85.8</b>	<b>88.4</b>	<b>110.1</b>	<b>106.4</b>	<b>111.3</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>18.0</b>	<b>19.2</b>	<b>20.6</b>	<b>24.3</b>	<b>25.9</b>	<b>27.6</b>	<b>29.5</b>
National Youth Commission	18.0	19.2	20.6	24.3	25.9	27.6	29.5

## **Expenditure trends**

Expenditure in the *Executive Coordination* programme increased at an average annual rate of 20.5 per cent from 2005/06 to 2008/09, providing for policy coordination and the national income dynamics survey.

The average annual growth of 8 per cent over the medium term represents allocations for continuing the national income dynamics survey, the war room on poverty, and expanding the planning and monitoring and evaluation units. The 54.6 per cent increase in goods and services in 2009/10 is due to the additional allocations of R12.4 million for the national income dynamics survey and R3 million for the war room on poverty. The *National Youth Commission* subprogramme grows at an average 6.6 per cent over the medium term.

## Additional tables

**Table 1.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	157.9	172.1	162.2	184.0	16.2	200.2	200.2
2. Communications	19.3	18.5	16.2	22.8	0.3	23.1	23.1
3. Executive Coordination	77.5	81.5	85.8	83.2	5.2	88.4	88.4
<b>Subtotal</b>	<b>254.7</b>	<b>272.1</b>	<b>264.2</b>	<b>290.0</b>	<b>21.7</b>	<b>311.7</b>	<b>311.7</b>
<b>Direct charge against the National Revenue Fund</b>	<b>2.2</b>	<b>2.2</b>	<b>2.3</b>	<b>2.5</b>	<b>–</b>	<b>2.5</b>	<b>4.0</b>
Salary of the President	1.2	1.2	1.3	1.3	–	1.3	2.1
Salary of the Deputy President	1.0	1.0	1.0	1.1	–	1.1	1.9
<b>Total</b>	<b>257.0</b>	<b>274.3</b>	<b>266.5</b>	<b>292.5</b>	<b>21.7</b>	<b>314.2</b>	<b>315.7</b>

  

<b>Economic classification</b>							
<b>Current payments</b>	<b>225.4</b>	<b>242.0</b>	<b>236.7</b>	<b>257.0</b>	<b>20.2</b>	<b>277.1</b>	<b>278.7</b>
Compensation of employees	131.4	118.9	123.5	143.9	6.8	150.7	152.2
Goods and services	94.0	123.1	113.3	113.1	13.3	126.4	126.4
<b>Transfers and subsidies</b>	<b>24.7</b>	<b>24.8</b>	<b>25.1</b>	<b>28.4</b>	<b>0.0</b>	<b>28.5</b>	<b>28.5</b>
Provinces and municipalities	–	–	0.0	–	–	–	–
Departmental agencies and accounts	24.6	24.6	24.6	28.3	–	28.3	28.3
Public corporations and private enterprises	0.1	0.1	0.0	0.1	–	0.1	0.1
Households	–	0.1	0.4	–	0.0	0.0	0.0
<b>Payments for capital assets</b>	<b>6.9</b>	<b>7.6</b>	<b>4.7</b>	<b>7.1</b>	<b>1.5</b>	<b>8.6</b>	<b>8.6</b>
Machinery and equipment	6.4	6.4	4.7	6.6	2.0	8.6	8.6
Software and intangible assets	0.5	1.2	–	0.5	(0.5)	–	–
<b>Total</b>	<b>257.0</b>	<b>274.3</b>	<b>266.5</b>	<b>292.5</b>	<b>21.7</b>	<b>314.2</b>	<b>315.7</b>

**Table 1.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	85.2	101.9	118.1	147.3	156.1	163.0	173.4
Unit cost (R million)	0.2	0.2	0.3	0.3	0.2	0.3	0.3
Personnel numbers (head count)	402	444	464	569	634	635	664
<b>Part time and temporary contract employees</b>							
Compensation (R million)	4.5	2.0	4.8	3.1	3.2	2.6	2.7
Unit cost (R million)	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Personnel numbers (head count)	21	9	20	12	12	9	9
<b>Interns</b>							
Compensation of interns (R million)	–	0.4	0.5	0.4	1.1	1.1	1.1
Unit cost (R million)	–	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	–	13	17	10	30	30	30
<b>Total for department</b>							
Compensation (R million)	89.7	104.3	123.5	150.7	160.4	166.6	177.2
Unit cost (R million)	0.2	0.2	0.2	0.3	0.2	0.2	0.3
Personnel numbers (head count)	423	466	501	591	676	674	703
<b>Learnerships</b>							
Payments for learnerships (R million)	–	0.2	0.1	0.1	0.1	0.1	0.1
Number of learnerships (head count)	–	3	5	5	15	15	15

**Table 1.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	89.7	104.3	123.5	150.7	160.4	166.6	177.2
Training expenditure (R million)	0.8	1.5	2.3	1.4	1.5	1.6	1.8
Training as percentage of compensation	0.9%	1.4%	1.9%	0.9%	0.9%	0.9%	1.0%
Total number trained in department (head count)	100	197	97	93			
of which:							
Employees receiving bursaries (head count)	124	47	35	63			
Learnerships trained (head count)	–	11	12	11			
Internships trained (head count)	–	13	17	10			

**Table 1.D Summary of departmental public private partnership projects**

Project description: National fleet project	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2008/09	2009/10	2010/11	2011/12
R million					
Projects signed in terms of Treasury Regulation 16	–	15.1	15.9	16.7	18.3
PPP unitary charge <sup>1</sup>	–	15.1	15.9	16.7	18.3
<b>Total</b>	<b>–</b>	<b>15.1</b>	<b>15.9</b>	<b>16.7</b>	<b>18.3</b>

<sup>1</sup> Phavisi fleet services public private partnership. Disclosure notes for this project can be viewed in the public private partnership table of the Department of Transport.

Table 1.E Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
R thousand												
Foreign												
In cash												
Denmark	Strategy for economic development and empowerment (economic assistance programme)	Executive Coordination	3 099	Goods and services	Database created for unemployed persons with disabilities. Learnerships completed towards increasing the capacity of the disability movement to place and support persons with disabilities. Youth camp facilitated for deaf youth towards increasing employability. 4 sheltered and protective workshops assisted towards greater economic independence	219	387	978	1 427	-	-	-
Vlaanders	Office on the Status of Disabled Persons (economic assistance programme)	Executive Coordination	533	Goods and services	Media toolkit created for disabled persons' organisations. Awareness created on disability. Capacity created in terms of raising awareness.	510	1 257	-	-	802	-	-
Sweden	Gender, disability and children research project (economic assistance programme)	Executive Coordination	1 000	Goods and services	Produce report on mainstreaming of vulnerable groups – used to inform policy, advocacy and mainstreaming activities within government	-	-	-	-	67	-	-
European Union	Programme to support pro-poor policy development (pro-poor policy development programme)	Executive Coordination	572	Goods and services	Only 35 per cent of the funds disbursed due to delays in the appointment of staff	-	-	132	29 934	4 123	2 373	1 600
In kind												
Belgium	Planning study on national strategic planning	Executive Coordination	70	Goods and services	Report produced on planning systems in selected countries	21	-	70	-	-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	National spatial development perspective alignment (harmonisation and alignment of provincial growth development strategies)	Executive Coordination	2 102	Goods and services	Framework and methodology compiled for contextualising the national spatial development perspective at a district level through pilot projects	-	-	2 102	2 500	-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Review 2014 scenarios and develop 2025 scenarios	Executive Coordination	1 148	Goods and services	Scenarios 2025 published and presented to relevant stakeholders	-	-	1 148	1 400	-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Fifteen-year review project	Executive Coordination	2 841	Goods and services	Fifteen-year review published and distributed to relevant stakeholders	-	-	2 841	800	-	-	-
Sweden	Office on the Status of Disabled People (capacity building and mainstreaming)	Executive Coordination	-	Non-profit institutions	Policy and frameworks to be developed on mainstreaming disability. Training of government partners on implementation of the White Paper on Integrated National Disability Strategy	-	-	-	-	52	-	-
Total			11 365			750	1 644	7 171	36 061	5 044	2 373	1 600



# Vote 2

## Parliament

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	247.8	246.9	–	0.8	264.9	282.5
Legislation and Oversight	187.8	184.8	–	3.0	199.8	212.4
Public and International Participation	67.8	63.4	2.8	1.6	71.7	75.8
Members' Facilities	212.0	209.9	–	2.1	224.0	236.6
Associated Services	258.7	–	258.7	–	272.9	287.9
<b>Total</b>	<b>974.1</b>	<b>705.1</b>	<b>261.4</b>	<b>7.5</b>	<b>1 033.3</b>	<b>1 095.2</b>
<b>Direct charge against the National Revenue Fund</b>						
Members' remuneration	376.7	376.7	–	–	392.7	409.6
<b>Total expenditure estimates</b>	<b>1 350.7</b>	<b>1 081.8</b>	<b>261.4</b>	<b>7.5</b>	<b>1 426.0</b>	<b>1 504.9</b>
Executive authority	Presiding officers					
Accounting officer	Secretary to Parliament					
Website address	www.parliament.gov.za					

### Aim

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

### Programme purposes

#### Programme 1: Administration

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

#### Programme 2: Legislation and Oversight

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

#### Programme 3: Public and International Participation

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

#### Programme 4: Members' Facilities

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

#### Programme 5: Associated Services

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



## Strategic overview: 2005/06 – 2011/12

Parliament's role and ultimate objective is to represent the people of South Africa and ensure government by the people under the Constitution, as well as represent the provinces in the national sphere of government. This is achieved through passing legislation, overseeing government action, facilitating public involvement, participating and overseeing cooperative government among the three spheres, and participating in international relations.

Building a democratic Parliament that is transparent and responsive to the electorate and that develops and follows a legislative agenda aimed at accelerating the transformation of society, has been Parliament's overriding policy and strategic objective from 1994 to 2004. Since the first democratic elections, there has been significant transformation through the legislative process, with a sustained focus on eradicating discriminatory legislation and laying the foundations for a democratic and open society.

With the inauguration of the third democratic Parliament in 2004, the institution's strategic and policy focus shifted towards strengthening the oversight function, being responsive to the needs of the people, and increasing its effectiveness and efficiency. Parliament's vision for the period 2005 to 2009 is to build a People's Parliament that is responsive to the needs of all South Africans and that is driven by the ideal of realising a better quality of life for all the people of South Africa.

### Strategic objectives

#### *Scrutinising and overseeing government's action.*

Parliament's focus on developing an effective and well capacitated oversight process includes:

- *conducting research into best practices and international practices on oversight to provide a reference point and benchmark*
- *developing a comprehensive system of oversight and an oversight model, and preparing legislation and procedures to facilitate the oversight process*
- *determining and implementing systems and human resource capacity for the effective functioning of the process, including the expansion of technical, research and content skills in committees.*

#### *Building a People's Parliament*

To build a People's Parliament and ensure that Parliament is responsive to the needs of all South Africans, Parliament's activities will include:

- *conducting programmes and projects about Parliament in the form of outreach activities, publications, and television and radio broadcasts*
- *continuing to hold the annual events that provide a platform for public participation in the processes of Parliament, including:*
  - *the Taking Parliament to the People programme, through which the National Council of Provinces has two sittings a year in designated provinces*
  - *the People's Assembly programme, where Parliament hosts an annual sitting in South Africa*
  - *the annual Women's Parliament, focusing on specific topical issues*
  - *the annual Youth Parliament, focusing on education and the participation of the youth*
- *setting up provincial parliamentary democracy offices as a pilot project, with the aim of providing education and participation platforms in less serviced areas of South Africa.*

#### *Building an effective and efficient institution*

To build an effective and efficient institution that is focused on improving service delivery, it will be important to:

- *improve institutional governance and policy*
- *implement modern systems and technologies*
- *improve human resource capacity*

- cultivate an institutional culture that enables service delivery and better communication
- provide space, accommodation and facilities.

## Selected performance and operations indicators

**Table 2.1 Parliament**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of bills passed each year	Legislation and Oversight	39	28	45	80	40	60	60
Number of questions put to the executive each year	Legislation and Oversight	2 722	2 489	2 868	2 286	2 000	2 700	2 700
Number of annual reports tabled and scrutinised by committees	Legislation and Oversight	267	251	223	179	270	270	270
Number of oversight visits undertaken by committees each year	Legislation and Oversight	157	93	50	60	50	50	50
Number of debates held for public consideration of issues each year	Public and International Participation	117	62	132	45	30	30	30
Number of visitors to Parliament each year	Public and International Participation	29 600	30 015	27 106	24 014	24 000	24 000	24 000
Number of international agreements adopted each year	Public and International Participation	44	55	34	51	30	50	30

## Expenditure estimates

**Table 2.2 Parliament**

Programme				Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited outcome							
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	209.2	263.1	271.9	224.9	224.9	247.8	264.9	282.5
2. Legislation and Oversight	138.5	129.1	163.1	178.3	178.3	187.8	199.8	212.4
3. Public and International Participation	41.3	71.5	72.2	64.5	64.5	67.8	71.7	75.8
4. Members' Facilities	113.9	134.5	149.5	183.0	183.0	212.0	224.0	236.6
5. Associated Services	95.1	156.8	245.4	263.1	263.1	258.7	272.9	287.9
Subtotal	597.9	755.1	902.1	913.8	913.8	974.1	1 033.3	1 095.2
Direct charge against the National Revenue Fund	211.7	223.3	240.7	254.0	254.0	376.7	392.7	409.6
Members' remuneration	211.7	223.3	240.7	254.0	254.0	376.7	392.7	409.6
Total	809.7	978.3	1 142.8	1 167.8	1 167.8	1 350.7	1 426.0	1 504.9
Change to 2008 Budget estimate				9.3	9.3	127.7	127.9	128.9

### Economic classification

<b>Current payments</b>	<b>695.4</b>	<b>807.0</b>	<b>876.8</b>	<b>888.4</b>	<b>888.4</b>	<b>1 081.8</b>	<b>1 142.2</b>	<b>1 205.5</b>
Compensation of employees	401.2	446.6	521.0	562.8	562.8	725.7	765.6	807.7
Goods and services	294.2	360.4	355.8	325.6	325.6	356.1	376.6	397.8
of which:								
Administrative fees	2.4	2.9	2.9	2.6	2.6	2.7	2.9	3.0
Advertising	6.6	8.1	8.0	7.3	7.3	7.6	8.0	8.5
Assets less than R5 000	3.0	3.6	3.6	3.3	3.3	3.4	3.6	3.8
Audit costs: External	5.6	6.8	6.8	6.2	6.2	6.4	6.8	7.2
Bursaries (employees)	0.5	0.7	0.7	0.6	0.6	0.6	0.7	0.7
Communication	16.7	20.4	20.2	18.5	18.5	20.9	22.1	23.4
Computer services	6.4	7.9	7.8	7.1	7.1	7.4	7.8	8.3
Consultants and professional services: Business and advisory services	41.2	50.5	49.8	45.6	45.6	52.6	55.7	58.8
Consultants and professional services: Legal costs	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.6

Table 2.2 Parliament (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>								
<i>Contractors</i>	16.7	20.5	20.2	18.5	18.5	19.3	20.4	21.5
<i>Agency and support / outsourced services</i>	5.9	7.2	7.1	6.5	6.5	6.8	7.2	7.6
<i>Entertainment</i>	0.4	0.6	0.5	0.5	0.5	0.5	0.5	0.6
<i>Inventory: Food and food supplies</i>	3.2	3.9	3.8	3.5	3.5	3.6	3.8	4.1
<i>Inventory: Materials and supplies</i>	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.6
<i>Inventory: Other consumables</i>	0.9	1.1	1.1	1.0	1.0	1.1	1.1	1.2
<i>Inventory: Stationery and printing</i>	0.7	0.8	0.8	0.7	0.7	0.8	0.8	0.9
<i>Lease payments</i>	6.1	7.4	7.3	6.7	6.7	7.0	7.4	7.8
<i>Transport provided: Departmental activities</i>	0.2	0.3	0.3	0.2	0.2	0.3	0.3	0.3
<i>Travel and subsistence</i>	145.5	178.3	176.0	161.1	161.1	178.0	188.2	198.8
<i>Training and development</i>	8.2	10.1	9.9	9.1	9.1	9.5	10.0	10.6
<i>Operating expenditure</i>	15.7	19.2	19.0	17.4	17.4	18.1	19.1	20.2
<i>Venues and facilities</i>	7.4	9.1	9.0	8.2	8.2	8.6	9.1	9.6
<b>Transfers and subsidies</b>	<b>96.2</b>	<b>159.0</b>	<b>253.6</b>	<b>265.7</b>	<b>265.7</b>	<b>261.4</b>	<b>275.8</b>	<b>291.0</b>
Provinces and municipalities	0.6	0.2	0.9	–	–	–	–	–
Departmental agencies and accounts	–	–	5.1	–	–	–	–	–
Foreign governments and international organisations	0.6	1.9	2.2	2.6	2.6	2.8	2.9	3.1
<b>Payments for capital assets</b>	<b>18.0</b>	<b>12.3</b>	<b>12.4</b>	<b>13.6</b>	<b>13.6</b>	<b>7.5</b>	<b>7.9</b>	<b>8.4</b>
Machinery and equipment	18.0	11.9	11.1	13.6	13.6	7.5	7.9	8.4
Software and other intangible assets	–	0.4	1.3	–	–	–	–	–
<b>Total</b>	<b>809.7</b>	<b>978.3</b>	<b>1 142.8</b>	<b>1 167.8</b>	<b>1 167.8</b>	<b>1 350.7</b>	<b>1 426.0</b>	<b>1 504.9</b>

## Expenditure trends

Including the direct charge against national revenue for members' remuneration, expenditure increased from R809.7 million in 2005/06 to R1.2 billion in 2008/09, at an average annual rate of 13.3 per cent.

Excluding the direct charge, expenditure is expected to increase at an average annual rate of 6.2 per cent over the 2008/09 over the medium term. This increase in spending was mainly driven by increases in transfer payments to political parties and increased expenditure on members' facilities, which included travel and other logistical facilities for members. Salary increases were also much higher than the anticipated 6 per cent that had been budgeted for in 2008/09. This resulted in an additional allocation of R9.3 million in the 2008 adjusted Budget to enable Parliament to pay the increased salary bill.

It should be noted that Parliament used a portion of the retained funds to further fund strategic interventions, including the 118<sup>th</sup> Inter-Parliamentary Union meeting during April 2008.

The budget increases from R1.2 billion in 2008/09 to R1.5 billion in 2011/12 at an average annual rate of 6.2 per cent, as the pension fund allocation comes to an end. Excluding the direct charge, the budget grows steadily over the medium term at an average annual rate of 6.2 per cent to accommodate additional capacity required for supporting the oversight functions of committees (researchers and content specialists) and to fund the international participation and public participation models being developed and implemented.

## Revenue retained by Parliament

Parliament is not required to return unspent funds to the National Revenue Fund, which means that all unspent funds from previous years have accumulated as retained earnings for Parliament. All interest collected and other revenue (that is, catering sales) are also reflected as part of retained earnings. The increase in sales of goods and services in 2006/07 was due to a R14.1 million rebate received from South African Airways relating

to 2005/06. The improved catering billing and collection system contributed to the increase in revenue from sales of goods and services in 2007/08. The higher the surplus retained, evident between 2005/06 and 2008/09, the more interest Parliament collects. As surplus funding is used to fund various strategic interventions over the MTEF period, interest over the medium term will decrease.

**Table 2.3 Parliamentary Retained Revenue**

R thousand	Audited outcome			Estimate	Revised estimate	Medium-term revenue estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Opening balance of surplus account</b>	<b>149 058</b>	<b>251 755</b>	<b>322 334</b>	<b>377 336</b>	<b>383 758</b>	<b>432 671</b>	<b>450 483</b>	<b>465 983</b>
<b>Parliamentary receipts</b>	<b>24 313</b>	<b>41 888</b>	<b>51 735</b>	<b>36 440</b>	<b>47 887</b>	<b>17 812</b>	<b>15 500</b>	<b>11 940</b>
Sales of goods and services produced	7 511	20 975	16 599	7 440	7 440	7 812	8 000	8 440
Interest, dividends and rent on land	16 125	21 011	35 136	29 000	40 060	10 000	7 500	3 500
Sales of capital assets	677	(98)	–	–	387	–	–	–
<b>Other revenue</b>	<b>2 475</b>	<b>1 192</b>	<b>640</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
(Net) local and foreign aid assistance	2 475	1 192	640	–	–	–	–	–
<b>Adjustments to revenue account</b>	<b>1</b>	<b>(5 527)</b>	<b>211</b>	<b>–</b>	<b>1 026</b>	<b>–</b>	<b>–</b>	<b>–</b>
Increase/(decrease) to direct charges appropriation	(1 430)	(5 962)	(1 672)	–	–	–	–	–
Other adjustments	2 077	(2 211)	275	–	–	–	–	–
Amounts recovered	(646)	2 646	1 608	–	1 026	–	–	–
<b>Changes in retained revenue<sup>1</sup></b>	<b>75 908</b>	<b>33 026</b>	<b>2 416</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Closing balance of surplus account</b>	<b>251 755</b>	<b>322 334</b>	<b>377 336</b>	<b>413 776</b>	<b>432 671</b>	<b>450 483</b>	<b>465 983</b>	<b>477 923</b>

1. Changes in retained revenue are the unspent portion of the appropriation.

## Programme 1: Administration

### Expenditure estimates

**Table 2.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Office of the Speaker	11.8	13.2	17.8	21.3	22.5	24.0	25.5
Office of the Chairperson	7.5	8.8	11.8	11.9	12.5	13.4	14.2
Office of the Secretary	75.3	137.6	145.9	78.8	79.2	85.3	91.3
Corporate Services	57.6	43.8	35.1	48.9	68.6	73.0	77.6
Institutional Support	56.9	59.7	61.2	64.0	65.0	69.3	73.8
<b>Total</b>	<b>209.2</b>	<b>263.1</b>	<b>271.9</b>	<b>224.9</b>	<b>247.8</b>	<b>264.9</b>	<b>282.5</b>
Change to 2008 Budget estimate				9.3	17.7	19.3	22.1

Table 2.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>203.4</b>	<b>256.0</b>	<b>257.0</b>	<b>219.6</b>	<b>246.9</b>	<b>264.1</b>	<b>281.5</b>
Compensation of employees	93.0	115.2	146.9	158.4	190.2	203.2	216.9
Goods and services	110.4	140.8	110.1	61.2	56.7	60.8	64.6
of which:							
Administrative fees	0.9	1.1	0.9	0.5	0.3	0.3	0.4
Advertising	2.5	3.1	2.5	1.4	0.9	1.0	1.0
Assets less than R5 000	1.1	1.4	1.1	0.6	0.4	0.4	0.5
Audit costs: External	2.1	2.7	2.1	1.2	0.8	0.8	0.9
Communication	6.3	8.0	6.2	3.5	4.0	4.2	4.5
Computer services	2.4	3.1	2.4	1.3	0.9	0.9	1.0
Consultants and professional services:	15.5	19.7	15.4	8.6	10.7	11.4	12.1
Business and advisory services							
Contractors	6.3	8.0	6.3	3.5	2.3	2.4	2.6
Agency and support / outsourced services	2.2	2.8	2.2	1.2	0.8	0.9	0.9
Inventory: Food and food supplies	1.2	1.5	1.2	0.7	0.4	0.5	0.5
Lease payments	2.3	2.9	2.3	1.3	0.8	0.9	0.9
Travel and subsistence	54.6	69.6	54.5	30.3	29.9	32.0	34.0
Training and development	3.1	3.9	3.1	1.7	1.1	1.2	1.3
Operating expenditure	5.9	7.5	5.9	3.3	2.1	2.3	2.4
Venues and facilities	2.8	3.6	2.8	1.5	1.0	1.1	1.1
<b>Transfers and subsidies</b>	<b>0.4</b>	<b>0.1</b>	<b>5.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.4	0.1	–	–	–	–	–
Departmental agencies and accounts	–	–	5.1	–	–	–	–
<b>Payments for capital assets</b>	<b>5.4</b>	<b>7.0</b>	<b>9.9</b>	<b>5.4</b>	<b>0.8</b>	<b>0.9</b>	<b>0.9</b>
Machinery and equipment	5.4	6.9	8.6	5.4	0.8	0.9	0.9
Software and other intangible assets	–	0.1	1.3	–	–	–	–
<b>Total</b>	<b>209.2</b>	<b>263.1</b>	<b>271.9</b>	<b>224.9</b>	<b>247.8</b>	<b>264.9</b>	<b>282.5</b>

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	–	–	<b>5.1</b>	–	–	–	–
Public Works	–	–	5.1	–	–	–	–

## Expenditure trends

Expenditure grew at an average annual rate of 2.4 per cent between 2005/06 and 2008/09, due to once-off expenditure in 2006/07 in the *Office of the Secretary* subprogramme, for investment in ICT infrastructure for an electronic document management system and a system to manage travel arrangements. Between 2005/06 and 2008/09, expenditure in the *Corporate Services* subprogramme declined by 5.3 per cent, due to the restructuring process in which the human resources function was moved to the *Office of the Secretary* subprogramme, which also contributed to the increase in expenditure in the latter.

Over the medium term, the budget is expected to grow at an average annual rate of 7.9 per cent due to the restructuring of support services to support the strategic focus areas of Parliament. These areas include installing technology and new systems in the committee rooms and restructuring various offices, such as the legal services office. Parliament also has to make provision for the resources required in the Money Bills Amendment Procedure and Related Matters Bill, currently being considered by Parliament. One requirement is the establishment of a budget office in Parliament.

## Programme 2: Legislation and Oversight

- National Assembly *provides procedural advice and guidance for the proceedings of the National Assembly.*
- National Council of Provinces *provides procedural advice and guidance for the proceedings of the National Council of Provinces.*
- Legislation and Oversight *provides procedural advice, research and administrative services for committee proceedings.*

### Objectives and measures

- *Strengthen the oversight function of Parliament by:*
  - employing 15 additional content specialists for committees and 5 additional legal advisors for constitutional and legal affairs by March 2010
- *Maintain the leadership development programme for 26 per cent of members a year (349 seats in the National Assembly and 54 seats in the National Council of Provinces) by March 2010.*

### Service delivery and spending focus

In 2008, 82 bills were introduced in Parliament and 80 were passed. Of these, there were 2 section 74 bills (amending the Constitution), 52 section 75 bills (ordinary bills not affecting provinces), 17 section 76 bills (ordinary bills affecting provinces) and 9 section 77 bills (money bills). A total of 2 286 questions were put to the executive (2 070 written questions and 216 oral questions). In addition, 179 annual reports were tabled in Parliament (33 from national departments, 124 from public entities, and 21 from sector education and training authorities), and 60 oversight visits were conducted by committees of Parliament.

In strengthening its oversight function, Parliament adopted the oversight model and produced a best practice guide, while it employed an additional 29 researchers and 7 administrative support staff to provide support and capacity for this function. It also maintained the leadership development programme for 51 per cent of members during the year (349 seats in the National Assembly and 54 seats in the National Council of Provinces).

### Expenditure estimates

**Table 2.5 Legislation and Oversight**

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
Audited outcome							
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
National Assembly	10.8	7.5	8.4	13.0	13.7	14.5	15.5
National Council of Provinces	13.3	15.6	26.5	21.6	22.8	24.2	25.8
Legislation and Oversight	114.4	106.0	128.2	143.7	151.4	161.0	171.2
<b>Total</b>	<b>138.5</b>	<b>129.1</b>	<b>163.1</b>	<b>178.3</b>	<b>187.8</b>	<b>199.8</b>	<b>212.4</b>
Change to 2008 Budget estimate				–	–	0.8	1.4

  

Economic classification							
<b>Current payments</b>	<b>128.2</b>	<b>127.5</b>	<b>160.8</b>	<b>174.5</b>	<b>184.8</b>	<b>196.6</b>	<b>209.1</b>
Compensation of employees	68.8	78.8	99.8	115.2	121.6	129.9	138.7
Goods and services	59.4	48.7	61.1	59.3	63.2	66.7	70.4
of which:							
Administrative fees	0.5	0.4	0.5	0.5	0.5	0.5	0.6
Advertising	1.3	1.1	1.4	1.3	1.4	1.5	1.6
Assets less than R5 000	0.6	0.5	0.6	0.6	0.6	0.7	0.7
Audit costs: External	1.1	0.9	1.2	1.1	1.2	1.3	1.3
Communication	3.4	2.8	3.5	3.4	3.6	3.8	4.0
Computer services	1.3	1.1	1.3	1.3	1.4	1.5	1.5

**Table 2.5 Legislation and Oversight (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>							
<i>Consultants and professional services: Business and advisory services</i>	8.3	6.8	8.6	8.3	8.9	9.3	9.9
<i>Contractors</i>	3.4	2.8	3.5	3.4	3.6	3.8	4.0
<i>Agency and support / outsourced services</i>	1.2	1.0	1.2	1.2	1.3	1.3	1.4
<i>Inventory: Food and food supplies</i>	0.6	0.5	0.7	0.6	0.7	0.7	0.8
<i>Lease payments</i>	1.2	1.0	1.3	1.2	1.3	1.4	1.5
<i>Travel and subsistence</i>	29.4	24.1	30.2	29.3	31.3	33.0	34.8
<i>Training and development</i>	1.7	1.4	1.7	1.7	1.8	1.9	2.0
<i>Operating expenditure</i>	3.2	2.6	3.3	3.2	3.4	3.6	3.8
<i>Venues and facilities</i>	1.5	1.2	1.5	1.5	1.6	1.7	1.8
<b>Transfers and subsidies</b>	<b>0.2</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.2	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>10.1</b>	<b>1.6</b>	<b>2.3</b>	<b>3.8</b>	<b>3.0</b>	<b>3.1</b>	<b>3.3</b>
Machinery and equipment	10.1	1.2	2.3	3.8	3.0	3.1	3.3
Software and other intangible assets	–	0.3	–	–	–	–	–
<b>Total</b>	<b>138.5</b>	<b>129.1</b>	<b>163.1</b>	<b>178.3</b>	<b>187.8</b>	<b>199.8</b>	<b>212.4</b>

### Expenditure trends

Expenditure increased from R138.5 million in 2005/06 to R178.3 million in 2008/09, at an average annual rate of 8.8 per cent due to capacity building of committees to ensure that Parliament fulfils its oversight function. The language project was also implemented to ensure multilingualism in parliamentary processes.

Over the medium term, the budget grows at an average annual rate of 6 per cent due to commitments to further improve capacity in the committees, especially in the areas of research and content specialisation.

## Programme 3: Public and International Participation

- Public Affairs, which will be called *Parliamentary Communication Services* from April 2009, provides education and information, public relations, media relations, and events management.
- International Relations provides protocol services, administration for bilateral and multilateral meetings, and services for official visits.

### Objectives and measures

- Integrate multilingual communication by implementing the language policy project to use all official languages in parliamentary processes by March 2010, through employing 40 additional language practitioners as seasonal staff.
- Increase access to and involvement in parliamentary processes by establishing a call centre by March 2010.
- Increase public participation through an annual *People's Assembly* and the *Taking Parliament to the People* programme twice a year.

### Service delivery and spending focus

In 2008, major programmes and events that were facilitated and coordinated by Parliament included the People's Assembly in Bushbuckridge, Mpumalanga, the Women's Parliament, the state of the nation address and the Youth Parliament. The Taking Parliament to the People programme was held in Ikageng, North West, and in Lady Frere, Eastern Cape. 24 014 people visited Parliament.

51 international agreements relating to the Constitution were adopted; 7 in terms of section 231(2), and 44 in terms of section 231(3). 35 official delegations were supported by providing briefing notes and sessions and facilitating travel arrangements.



The *Public Affairs* subprogramme was restructured into *Parliamentary Communication Services* to provide more effective communication and participation support, while the language policy project continued to integrate multilingual communication through the use of all official languages in parliamentary processes.

## Expenditure estimates

**Table 2.6 Public and International Participation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Public Affairs	27.1	54.5	52.6	49.1	51.6	54.6	57.8
International Relations	14.2	17.1	19.6	15.4	16.1	17.1	18.1
<b>Total</b>	<b>41.3</b>	<b>71.5</b>	<b>72.2</b>	<b>64.5</b>	<b>67.8</b>	<b>71.7</b>	<b>75.8</b>
Change to 2008 Budget estimate				–	–	(0.2)	(0.3)

### Economic classification

<b>Current payments</b>	<b>38.8</b>	<b>66.5</b>	<b>69.7</b>	<b>59.4</b>	<b>63.4</b>	<b>67.1</b>	<b>71.0</b>
Compensation of employees	9.3	11.1	12.6	12.8	13.5	14.4	15.4
Goods and services	29.5	55.5	57.2	46.6	49.9	52.7	55.6
of which:							
Administrative fees	0.2	0.4	0.5	0.4	0.4	0.4	0.4
Advertising	0.7	1.2	1.3	1.0	1.1	1.2	1.2
Assets less than R5 000	0.3	0.6	0.6	0.5	0.5	0.5	0.6
Audit costs: External	0.6	1.1	1.1	0.9	0.9	1.0	1.1
Communication	1.7	3.1	3.2	2.6	2.8	3.0	3.2
Computer services	0.6	1.2	1.3	1.0	1.1	1.2	1.2
Consultants and professional services: Business and advisory services	4.1	7.8	8.0	6.5	7.0	7.4	7.8
Contractors	1.7	3.2	3.2	2.6	2.8	3.0	3.2
Agency and support / outsourced services	0.6	1.1	1.1	0.9	1.0	1.1	1.1
Inventory: Food and food supplies	0.3	0.6	0.6	0.5	0.5	0.6	0.6
Lease payments	0.6	1.1	1.2	1.0	1.0	1.1	1.1
Travel and subsistence	14.6	27.4	28.3	23.1	24.7	26.1	27.5
Training and development	0.8	1.5	1.6	1.3	1.4	1.5	1.6
Operating expenditure	1.6	3.0	3.0	2.5	2.7	2.8	3.0
Venues and facilities	0.7	1.4	1.4	1.2	1.3	1.3	1.4
<b>Transfers and subsidies</b>	<b>0.6</b>	<b>1.9</b>	<b>2.2</b>	<b>2.6</b>	<b>2.8</b>	<b>2.9</b>	<b>3.1</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Foreign governments and international organisations	0.6	1.9	2.2	2.6	2.8	2.9	3.1
<b>Payments for capital assets</b>	<b>1.9</b>	<b>3.1</b>	<b>0.3</b>	<b>2.5</b>	<b>1.6</b>	<b>1.7</b>	<b>1.8</b>
Machinery and equipment	1.9	3.1	0.3	2.5	1.6	1.7	1.8
<b>Total</b>	<b>41.3</b>	<b>71.5</b>	<b>72.2</b>	<b>64.5</b>	<b>67.8</b>	<b>71.7</b>	<b>75.8</b>

### Details of selected transfers and subsidies

<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>0.6</b>	<b>1.9</b>	<b>2.2</b>	<b>2.6</b>	<b>2.8</b>	<b>2.9</b>	<b>3.1</b>
International associations	0.6	1.9	2.2	2.6	2.8	2.9	3.1

## Expenditure trends

Expenditure increased from R41.3 million in 2005/06 to R64.5 million in 2008/09, at an average annual rate of 16 per cent. The large increase in expenditure in the *Parliamentary Communication Services* subprogramme of 100.9 per cent in 2006/07 was due to the larger number of public programmes. These included: the people's assembly, Taking Parliament to the People, and parliamentary democracy offices; and participation in various international forums such as the Commonwealth Parliamentary Association, the Inter-Parliamentary Union, the



African Caribbean Pacific-European Union, Pan African Parliament and the Southern African Development Community (SADC) Parliamentary Forum. This expanded activity accounts for the 88 per cent average annual increase in goods and services in 2006/07.

Expenditure decreased by 10.7 per cent in 2008/09 due to the personnel restructuring process in the *Public Affairs* subprogramme, as the restructuring involved dissolving some posts. Expenditure is set to increase again over the MTEF period, as more posts are filled in the new sections. A further explanation for the decrease is lower travel costs incurred due to less participation in international programmes than in previous years.

Over the medium term, the budget increases from R1.4 billion to R1.5 billion at an average annual rate of 6.2 per cent. The *Public Affairs* subprogramme has been restructured into *Parliamentary Communication Services* and *International Relations* with no significant increase in the baseline budget. Over the medium term, the budget increases from R51.6 million to R57.8 million. The restructuring exercise is necessary to ensure that the subprogramme is aligned with its objectives.

## Programme 4: Members' Facilities

**Purpose:** Provide telephone, travel and other facilities to members of Parliament in the National Assembly and National Council of Provinces to enable members of Parliament to discharge their duties in an efficient and effective manner.

- National Assembly Members' Facilities *provides support and facilities to members to enable them to carry out their legislative mandate efficiently and effectively.*
- National Council of Provinces Members' Facilities *provides support and facilities to members to enable them to carry out their legislative mandate efficiently and effectively.*

### Objectives and measures

- *Support the operational activities of members by providing operational facilities to 349 members of the National Assembly and 54 members of the National Council of Provinces by September 2009.*

### Expenditure estimates

**Table 2.7 Members' Facilities**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
National Assembly Members' Facilities	98.7	115.2	136.4	155.1	179.8	189.9	200.6
National Council of Provinces Members' Facilities	15.1	19.3	13.1	27.9	32.3	34.1	36.0
<b>Total</b>	<b>113.9</b>	<b>134.5</b>	<b>149.5</b>	<b>183.0</b>	<b>212.0</b>	<b>224.0</b>	<b>236.6</b>
Change to 2008 Budget estimate				(0.0)	19.7	20.2	20.6

### Economic classification

	113.2	133.7	148.6	181.0	209.9	221.8	234.3
<b>Current payments</b>							
Compensation of employees	18.3	18.3	21.2	22.5	23.7	25.3	27.0
Goods and services	94.9	115.5	127.4	158.6	186.2	196.4	207.3
<i>of which:</i>							
Administrative fees	0.8	0.9	1.0	1.3	1.5	1.6	1.7
Advertising	2.1	2.6	2.8	3.5	4.2	4.4	4.6
Assets less than R5 000	1.0	1.2	1.3	1.6	1.9	2.0	2.1
Audit costs: External	1.8	2.2	2.4	3.0	3.5	3.7	3.9
Communication	5.4	6.5	7.2	9.0	10.6	11.1	11.7
Computer services	2.1	2.5	2.8	3.5	4.1	4.3	4.5

**Table 2.7 Members' Facilities (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>							
Consultants and professional services: Business and advisory services	13.3	16.2	17.9	22.2	26.1	27.5	29.0
Contractors	5.4	6.6	7.2	9.0	10.6	11.2	11.8
Agency and support / outsourced services	1.9	2.3	2.6	3.2	3.7	3.9	4.1
Inventory: Food and food supplies	1.0	1.2	1.4	1.7	2.0	2.1	2.2
Inventory: Other consumables	0.3	0.4	0.4	0.5	0.6	0.6	0.6
Inventory: Stationery and printing	0.2	0.3	0.3	0.4	0.4	0.5	0.5
Lease payments	2.0	2.4	2.6	3.3	3.8	4.1	4.3
Travel and subsistence	47.0	57.1	63.0	78.4	92.1	97.2	102.5
Training and development	2.7	3.2	3.6	4.4	5.2	5.5	5.8
Operating expenditure	5.1	6.2	6.8	8.5	9.9	10.5	11.0
Venues and facilities	2.4	2.9	3.2	4.0	4.7	5.0	5.2
<b>Transfers and subsidies</b>	<b>–</b>	<b>0.1</b>	<b>0.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	–	0.1	0.9	–	–	–	–
<b>Payments for capital assets</b>	<b>0.6</b>	<b>0.6</b>	<b>–</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>	<b>2.4</b>
Machinery and equipment	0.6	0.6	–	2.0	2.1	2.2	2.4
<b>Total</b>	<b>113.9</b>	<b>134.5</b>	<b>149.5</b>	<b>183.0</b>	<b>212.0</b>	<b>224.0</b>	<b>236.6</b>

## Expenditure trends

Expenditure increased from R113.9 million in 2005/06 to R183 million in 2008/09, at an average annual rate of 17.1 per cent due to increased travelling costs.

The budget grows from R183 million in 2008/09 to R236.6 million in 2011/12, at an average annual rate of 8.9 per cent. A review of the telephone, travel and logistical facilities for members, and medical aid contributions and travel facilities of former members is under way and its recommendations are due to be implemented in 2009/10. This explains the significant average annual increase of 15.8 per cent in the budget.

## Programme 5: Associated Services

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

## Expenditure estimates

**Table 2.8 Associated Services**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Political Party Support	31.7	47.5	52.3	55.0	55.0	58.0	61.2
Constituency Support	59.9	105.7	188.0	202.8	198.4	209.3	220.8
Party Leadership Support	3.5	3.6	5.0	5.3	5.3	5.6	5.9
<b>Total</b>	<b>95.1</b>	<b>156.8</b>	<b>245.4</b>	<b>263.1</b>	<b>258.7</b>	<b>272.9</b>	<b>287.9</b>
Change to 2008 Budget estimate				–	(19.7)	(22.2)	(24.9)
<b>Economic classification</b>							
of which:							
<b>Transfers and subsidies</b>	<b>95.1</b>	<b>156.8</b>	<b>245.4</b>	<b>263.1</b>	<b>258.7</b>	<b>272.9</b>	<b>287.9</b>
Non-profit institutions	95.1	156.8	245.4	263.1	258.7	272.9	287.9
<b>Total</b>	<b>95.1</b>	<b>156.8</b>	<b>245.4</b>	<b>263.1</b>	<b>258.7</b>	<b>272.9</b>	<b>287.9</b>

**Table 2.8 Associated Services (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Non-profit institutions</b>							
<b>Current</b>	<b>95.1</b>	<b>156.8</b>	<b>245.4</b>	<b>263.1</b>	<b>258.7</b>	<b>272.9</b>	<b>287.9</b>
Constituency allowance	59.9	105.7	188.0	202.8	198.4	209.3	220.8
Political party support	31.7	47.5	52.3	55.0	55.0	58.0	61.2
Party leadership support	3.5	3.6	5.0	5.3	5.3	5.6	5.9

**Expenditure trends**

Expenditure over the seven-year period is dominated by transfer payments to political parties, as required by the Constitution and in line with the policy of Parliament. Between 2005/06 and 2008/09, expenditure grew from R95.1 million to R263.1 million, at an average annual rate of 40.4 per cent due to the increase in constituency allowances, as well as leadership support and administrative support allowances, with the highest increase in 2007/08. The budget grows moderately over the medium term, at an average annual rate of 3.1 per cent.

## Additional tables

**Table 2.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	191.1	191.1	271.9	215.7	9.3	224.9	224.9
2. Legislation and Oversight	165.0	165.0	163.1	178.3	–	178.3	178.3
3. Public and International Participation	60.9	60.9	72.2	64.5	–	64.5	64.5
4. Members' Facilities	173.4	173.4	149.5	183.0	–	183.0	183.0
5. Associated Services	245.4	245.4	245.4	263.1	–	263.1	263.1
<b>Subtotal</b>	<b>835.7</b>	<b>835.7</b>	<b>902.1</b>	<b>904.5</b>	<b>9.3</b>	<b>913.8</b>	<b>913.8</b>
<b>Direct charge against the National Revenue Fund</b>	<b>242.4</b>	<b>242.4</b>	<b>240.7</b>	<b>254.0</b>	<b>–</b>	<b>254.0</b>	<b>254.0</b>
Members' remuneration	242.4	242.4	240.7	254.0	–	254.0	254.0
<b>Total</b>	<b>1 078.1</b>	<b>1 078.1</b>	<b>1 142.8</b>	<b>1 158.5</b>	<b>9.3</b>	<b>1 167.8</b>	<b>1 167.8</b>

  

<b>Economic classification</b>							
<b>Current payments</b>	<b>817.2</b>	<b>817.2</b>	<b>876.8</b>	<b>879.2</b>	<b>9.3</b>	<b>888.4</b>	<b>888.4</b>
Compensation of employees	507.1	507.1	521.0	553.6	9.3	562.8	562.8
Goods and services	310.1	310.1	355.8	325.6	–	325.6	325.6
<b>Transfers and subsidies</b>	<b>247.9</b>	<b>247.9</b>	<b>253.6</b>	<b>265.7</b>	<b>–</b>	<b>265.7</b>	<b>265.7</b>
Provinces and municipalities	–	–	0.9	–	–	–	–
Departmental agencies and accounts	–	–	5.1	–	–	–	–
Foreign governments and international organisations	2.5	2.5	2.2	2.6	–	2.6	2.6
Non-profit institutions	245.4	245.4	245.4	263.1	–	263.1	263.1
<b>Payments for capital assets</b>	<b>13.0</b>	<b>13.0</b>	<b>12.4</b>	<b>13.6</b>	<b>–</b>	<b>13.6</b>	<b>13.6</b>
Machinery and equipment	13.0	13.0	11.1	13.6	–	13.6	13.6
Software and intangible assets	–	–	1.3	–	–	–	–
<b>Total</b>	<b>1 078.1</b>	<b>1 078.1</b>	<b>1 142.8</b>	<b>1 158.5</b>	<b>9.3</b>	<b>1 167.8</b>	<b>1 167.8</b>

**Table 2.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	171.1	205.1	259.2	286.4	325.3	347.6	371.0
Unit cost (R million)	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Personnel numbers (head count)	966	1 050	1 220	1 280	1 329	1 387	1 460
<b>Interns</b>							
Compensation of interns (R million)	0.6	0.9	1.4	1.7	1.9	1.9	1.9
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	17	30	30	35	40	40	40
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>171.7</b>	<b>206.0</b>	<b>260.6</b>	<b>288.1</b>	<b>327.2</b>	<b>349.5</b>	<b>373.0</b>
<b>Unit cost (R million)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Personnel numbers (head count)</b>	<b>983</b>	<b>1 080</b>	<b>1 250</b>	<b>1 315</b>	<b>1 369</b>	<b>1 427</b>	<b>1 500</b>

**Table 2.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	171.1	205.1	259.2	286.4	325.3	347.6	371.0
Training expenditure (R million)	8.8	10.7	10.6	11.9	10.1	10.7	11.3
Training as percentage of compensation	5.1%	5.2%	4.1%	4.2%	3.1%	3.1%	3.0%
Total number trained in department (head count)	514	357	705	650			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	<i>111</i>	<i>102</i>	<i>80</i>	<i>80</i>			

# Vote 3

## Foreign Affairs

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	993.1	709.4	6.7	277.0	1 289.1	1 114.0
Foreign Relations	3 128.6	3 079.9	6.4	42.3	3 215.2	3 240.8
Public Diplomacy and Protocol	215.3	190.9	24.4	–	153.0	159.2
International Transfers	1 000.0	–	1 000.0	–	814.7	987.1
<b>Total expenditure estimates</b>	<b>5 337.0</b>	<b>3 980.2</b>	<b>1 037.6</b>	<b>319.3</b>	<b>5 472.0</b>	<b>5 501.0</b>
Executive authority	Minister of Foreign Affairs					
Accounting officer	Director-General of Foreign Affairs					
Website address	www.dfa.gov.za					

### Aim

*The aim of the Department of Foreign Affairs is to formulate, coordinate, implement and manage South Africa's foreign policy and international relations programmes.*

### Programme purposes

#### Programme 1: Administration

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

#### Programme 2: Foreign Relations

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

#### Programme 3: Public Diplomacy and Protocol

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

#### Programme 4: International Transfers

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

### Strategic overview: 2009/10 – 2011/12

The overall mandate of the Department of Foreign Affairs is to meet South Africa's foreign policy objectives. The department carries out its mandate by: monitoring developments in the international environment; communicating government's policy positions; developing and advising government on policy options, mechanisms and avenues for achieving objectives; protecting the country's sovereignty and territorial integrity;

assisting South African citizens abroad; and assisting partner departments in managing complex international dynamics.

South Africa's foreign policy is informed by the theoretical framework of the African Renaissance and is guided by the vision of a better life for all South Africans. Moreover, it is based on the following key global principles: that human rights are central to international relations and peace is a goal for which all nations should strive, with internationally agreed upon and non-violent mechanisms being employed where this breaks down; that justice and respect for international law should guide relations between nations; and that economic development depends on international integration and cooperation. As the interests of the African continent are central to South Africa's foreign policy, it is important that bilateral relations and development support are strengthened.

### Key strategic priorities

The department's work is based on the following overarching priorities: consolidating the African Agenda, strengthening South-South cooperation, reinforcing North-South cooperation, participating in the global system of governance, and strengthening political and economic relations.

#### *Consolidating the African Agenda*

Over the MTEF period, South Africa's engagement in Africa will continue to contribute significantly to: strengthening the African Union's (AU) governance, capacity and structures; promoting integration and development through the Southern African Development Community (SADC); promoting the implementation of the New Partnership for Africa's Development (NEPAD); supporting peace security and stability and post-conflict reconstruction initiatives; and strengthening bilateral relations.

#### *Strengthening South-South cooperation*

South Africa is currently not playing any leadership role in the groups of the South that are active in the United Nations (UN) system. However, it is centrally involved in the activities of organisations such as the Non-Aligned Movement and G77, and will continue to promote a coherent and integrated implementation of the UN development agenda, including internationally agreed development goals.

The India-Brazil-South Africa Dialogue Forum continues to be of strategic importance. Future events include the sixth India-Brazil-South Africa ministerial meeting and the fourth India-Brazil-South Africa Summit in Brazil in 2009, as well as South Africa's hosting of both the seventh India-Brazil-South Africa ministerial meeting and the fifth India-Brazil-South Africa Summit in 2010.

#### *Strengthening North-South cooperation*

South Africa will continue to engage with the G8 and the G5 outreach programmes, to promote the African Agenda and contribute to the development of a more equitable system of global governance.

South Africa is increasingly participating in the Organisation for Economic Co-operation and Development, following a decision by the organisation's ministerial council to give South Africa enhanced engagement status. South Africa is playing a key role in working towards the successful conclusion of the Doha negotiations, where liberalisation in the agricultural sector is a key objective.

#### *Participation in the global system of governance*

South Africa works actively towards global, political and socioeconomic stability and security within the multilateral system. It will thus continue to promote development, security, human rights and international law through its participation in international forums, notably the UN and its agencies.

#### *Strengthening political and economic relations*

Strengthening South Africa's bilateral relations, particularly with African countries, is a key strategic objective over the MTEF period. South Africa will focus on strengthening economic cooperation to promote its trade, investment and tourism potential and opportunities. The department is coordinating efforts across the national, provincial and local spheres of government and other stakeholders, towards establishing workable terms of reference for coordinating its international work, as well as a strategy for marketing and branding South Africa

abroad. The department will continue to promote South Africa as a worthy host of the FIFA 2010 World Cup in the build-up phase and during the event.

## Selected performance and operations indicators

**Table 3.1 Foreign Affairs**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of diplomatic missions abroad:	Foreign Relations	114	119	121	123	126	127	127
Africa		40	43	45	46	48	49	49
Asia and Middle East		29	31	31	33	33	33	33
Americas and Caribbean		18	18	18	18	18	18	18
Europe		27	27	27	27	27	27	27
Number of bilateral agreements signed with foreign countries	Foreign Relations	110	108	54	59	65	72	67
Number of countries assisted with post-conflict reconstruction and development per year	Foreign Relations	13	12	12	12	5	5	7
Number of countries assisted with democratic election processes per year	Foreign Relations	6	2	2	4	4	3	5
Number of incoming and outgoing visits facilitated per year	Public Diplomacy and Protocol	369	324	216	333	350	369	374
Number of people facilitated through the VIP lounges at the international airports (OR Tambo and Cape Town) per year	Public Diplomacy and Protocol	30 000	18 000	24 141	25 178	26 780	27 958	25 340
Number of international conferences hosted by South Africa per year	Public Diplomacy and Protocol	4	5	5	5	4	5	6
Number of foreign representatives in South Africa per year	Public Diplomacy and Protocol	278	282	285	285	286	287	289
Amount of membership fees for international organisations per year	International Transfers	R83.3m	R99.8m	R116.2m	R131.9m	R132.8m	R138.9m	R133.9m

## Expenditure estimates

**Table 3.2 Foreign Affairs**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	505.4	537.1	1 181.3	1 715.4	1 559.9	993.1	1 289.1	1 114.0
2. Foreign Relations	1 718.4	1 887.0	2 122.8	2 662.3	2 602.3	3 128.6	3 215.2	3 240.8
3. Public Diplomacy and Protocol	109.2	118.4	141.5	159.3	159.3	215.3	153.0	159.2
4. International Transfers	354.7	402.2	624.1	1 032.8	1 031.6	1 000.0	814.7	987.1
<b>Total</b>	<b>2 687.7</b>	<b>2 944.7</b>	<b>4 069.7</b>	<b>5 569.8</b>	<b>5 353.1</b>	<b>5 337.0</b>	<b>5 472.0</b>	<b>5 501.0</b>
Change to 2008 Budget estimate				1 229.1	1 012.4	174.4	531.6	652.7



**Table 3.2 Foreign Affairs (continued)**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
<b>Economic classification</b>								
<b>Current payments</b>	<b>2 090.0</b>	<b>2 278.7</b>	<b>2 674.7</b>	<b>3 244.4</b>	<b>3 171.9</b>	<b>3 980.2</b>	<b>3 967.5</b>	<b>4 046.8</b>
Compensation of employees	1 072.4	1 136.5	1 293.2	1 458.5	1 458.5	2 013.3	1 978.6	2 046.8
Goods and services	996.8	1 142.1	1 381.1	1 785.9	1 713.4	1 966.9	1 988.9	1 999.9
of which:								
Administrative fees	4.9	5.4	9.8	6.9	6.9	7.2	8.7	8.3
Advertising	5.6	6.0	7.2	7.7	7.7	8.8	11.4	10.1
Assets less than R5 000	4.7	5.2	3.2	5.9	5.9	6.7	8.2	7.7
Audit costs: External	2.7	3.2	5.6	6.5	6.5	6.9	7.3	7.6
Bursaries (employees)	0.9	0.5	0.6	1.0	1.0	1.0	1.1	1.1
Catering: Departmental activities	17.6	18.6	20.1	21.7	21.7	23.8	29.0	27.4
Communication	59.6	64.3	65.2	70.2	70.2	70.3	83.9	79.8
Computer services	11.5	8.1	61.7	33.5	33.5	27.9	32.8	34.0
Consultants and professional services:	10.8	15.7	12.7	55.1	55.1	34.9	47.3	41.2
Business and advisory services								
Entertainment	16.4	17.9	24.4	19.1	19.1	25.3	31.6	29.6
Inventory: Fuel, oil and gas	–	–	–	–	–	1.7	2.0	1.9
Inventory: Materials and supplies	8.2	8.8	34.1	9.9	9.9	11.0	13.4	12.7
Inventory: Other consumables	1.3	1.5	3.6	1.7	1.7	6.4	7.6	7.4
Inventory: Stationery and printing	35.2	37.3	0.7	37.6	37.6	37.8	44.8	43.1
Lease payments	401.1	493.6	535.5	455.9	455.9	678.9	697.6	716.2
Owned and leasehold property expenditure	–	–	0.8	–	–	–	–	–
Transport provided: Departmental activities	124.4	114.6	–	130.5	130.5	141.6	145.0	151.4
Travel and subsistence	102.8	208.7	279.8	186.7	186.7	182.3	208.7	237.2
Training and development	11.5	6.8	3.4	8.1	8.1	9.7	11.1	10.9
Operating expenditure	161.6	108.7	259.9	610.1	537.6	557.3	515.1	494.2
Venues and facilities	16.0	17.3	52.7	118.0	118.0	127.6	82.1	78.0
Financial transactions in assets and liabilities	20.8	0.1	0.5	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>390.6</b>	<b>450.6</b>	<b>666.9</b>	<b>1 067.6</b>	<b>1 066.4</b>	<b>1 037.6</b>	<b>855.2</b>	<b>1 028.8</b>
Provinces and municipalities	13.7	20.6	23.3	22.7	22.7	24.4	26.6	27.3
Departmental agencies and accounts	100.0	150.0	300.0	698.9	698.9	631.4	431.1	615.4
Public corporations and private enterprises	9.3	10.6	13.4	12.0	12.0	13.2	13.8	14.5
Foreign governments and international organisations	254.7	252.2	324.1	333.9	332.7	368.7	383.7	371.7
Households	12.9	17.2	6.2	–	–	–	–	–
<b>Payments for capital assets</b>	<b>207.1</b>	<b>215.4</b>	<b>728.1</b>	<b>1 257.8</b>	<b>1 114.8</b>	<b>319.3</b>	<b>649.4</b>	<b>425.4</b>
Buildings and other fixed structures	42.8	119.4	649.9	1 152.2	1 009.2	272.2	544.6	324.2
Machinery and equipment	130.0	92.6	61.1	105.6	105.6	47.1	104.7	101.3
Software and other intangible assets	34.3	3.4	0.8	–	–	–	–	–
Land and subsoil assets	–	–	16.3	–	–	–	–	–
<b>Total</b>	<b>2 687.7</b>	<b>2 944.7</b>	<b>4 069.7</b>	<b>5 569.8</b>	<b>5 353.1</b>	<b>5 337.0</b>	<b>5 472.0</b>	<b>5 501.0</b>

## Expenditure trends

Between 2005/06 and 2008/09, expenditure grew from R2.7 billion to R5.6 billion at an average annual rate of 27.5 per cent. This growth was mainly due to: the head office campus project; increased contribution to the AU and the African Renaissance and International Co-operation Fund, which aims to finance the extension of peacekeeping and developmental initiatives in Africa; acquisition of properties to expand domestic and international property management portfolios; and improvements in the department's ICT infrastructure.

South Africa maintains diplomatic relations with countries and organisations through its missions abroad. As a result, the *Foreign Relations* programme accounts for approximately 59 per cent of the department's budget over the medium term. The bulk of expenditure for missions and bilateral relations is incurred in foreign currency and therefore exchange rate movements have a significant impact on the budget. In addition, the department increased its representation from 114 missions in 2005/06 to 123 missions in 2008/09, which also explains the increase in expenditure.

The department's budget is expected to decrease from R5.6 billion in 2008/09 to R5.5 billion in 2011/12, at an average annual rate of 0.4 per cent over the MTEF period. The expected decline in expenditure is due to once-off international conferences and summits taking place in 2009, such as the African Diaspora, the Non-Aligned Movement and SADC conferences, the completion of the head office campus in 2008/09, and the finalisation of the acquisition of foreign properties in Addis Ababa, Brussels, Maseru and New York.

The department receives an additional R2.1 billion over the MTEF period, which includes R90 million for the upgrade of ICT infrastructure, R375 million to accommodate new projects in the African Renaissance and International Co-operation Fund, R55 million for strengthening missions' capacity, R140.1 million for inflation related adjustments in compensation of employees, R98.9 million for inflation related adjustments in payments for capital assets, and R1.3 billion for foreign exchange adjustments.

### Savings and reprioritisation

Over the MTEF period, efficiency savings of R388.6 million will be realised through cost containment measures, and a R319.5 million baseline reduction through focusing on improving efficiency and value for money, reducing wastage and ineffective public spending. Efficiency savings have been identified in the following areas:

- **Communication:** By implementing the ICT project and the voice over internet protocol, there will be savings on the cost of communication between the department and its missions.
- **Entertainment:** The representational duties conducted by missions abroad include entertainment at various levels. Measures will be put in place to ensure that this expenditure is kept at a minimum. This includes the celebrations abroad of South Africa's important events, such as National Day and Africa Day, and other functions that are hosted in the country by the ceremonial unit.
- **Travel costs:** The department will continue to review its travel policy and procedures in order to realise savings over the medium term.

### Infrastructure spending

Infrastructure spending increased from R42.8 million in 2005/06 to R1.2 billion in 2008/09 at an average annual rate of 199.7 per cent. A significant portion of this increase in spending is due to the construction of the new head office campus, which had budget allocations of R350 million in 2007/08 and R665 million in 2008/09. In 2005/06 and 2006/07, construction projects were also initiated in the following foreign missions: Maseru (Lesotho), Addis Ababa (Ethiopia), Abuja (Nigeria), Dar es Salaam (Tanzania), Kigali (Rwanda), Lilongwe (Malawi), Mbabane (Swaziland) and Gaborone (Botswana)

Over the MTEF period, the budget will be used on the following projects:

- *Domestic properties:* The department initiated a project to procure a new head office campus through a public private partnership. Construction started in May 2007 with an early works contract. The project is set to be completed in 2009/10. The construction of the permanent accommodation for the Pan African Parliament through the Department of Public Works began in 2008/09 and is expected to be completed in 2010/11.
- *Foreign property acquisition:* The department will continue to implement recommendations from a feasibility study which prescribed increasing infrastructure spending in the form of chanceries, official residences or land to the value of R454 million over the medium term. The priority projects identified are as follows: Dar es Salaam (Tanzania), Kigali (Rwanda) Luanda (Angola), Geneva (Switzerland), New Delhi (India) and Lusaka (Zambia). The construction projects from previous years will also continue in Maseru (Lesotho), Bamako (Mali), Abuja (Nigeria), Gaborone (Botswana), Lilongwe (Malawi), Mbabane (Swaziland) and Luanda (Angola). R198 million has been budgeted for construction over the medium term.

- *Refurbishment projects* to the value of R127 million are planned for the MTEF period and will include the structural upgrading of buildings and lifts, electrical works and renovations. Refurbishments will be undertaken in Harare, The Hague, Bern, Madrid, Munich, Copenhagen and Kinshasa.

## Departmental receipts

Departmental receipts are generated from interest earned from mission bank accounts, rent on state owned property, refunds received through value added tax refunds from missions that relate to previous financial years, foreign exchange gains and the sale of capital items, such as redundant furniture and fixtures. Over the MTEF period, revenue is expected to increase from R37.3 million in 2008/09 to R43.2 million in 2011/12, at an average annual rate of 26.4 per cent, due to value added tax refunds related to a projected increase in the operations of missions, interest received from mission bank accounts, and the sale of movable assets.

**Table 3.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>42 164</b>	<b>46 282</b>	<b>65 056</b>	<b>21 401</b>	<b>37 307</b>	<b>39 173</b>	<b>41 131</b>	<b>43 189</b>
Sales of goods and services produced by department	475	382	2 332	2 464	538	565	593	623
Sales of scrap, waste, arms and other used current goods	–	–	539	–	–	–	–	–
Interest, dividends and rent on land	2 080	3 131	2 116	5 343	6 630	6 962	7 310	7 676
Sales of capital assets	1 487	1 168	4 958	2 704	1 855	1 948	2 045	2 148
Financial transactions in assets and liabilities	38 122	41 601	55 111	10 890	28 284	29 698	31 183	32 742
<b>Total</b>	<b>42 164</b>	<b>46 282</b>	<b>65 056</b>	<b>21 401</b>	<b>37 307</b>	<b>39 173</b>	<b>41 131</b>	<b>43 189</b>

## Programme 1: Administration

### Expenditure estimates

**Table 3.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Minister <sup>1</sup>	0.8	0.9	0.9	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	1.3	1.4	1.5	2.7	2.8	3.0	3.2
Management	50.5	46.6	62.1	81.8	76.9	79.3	81.4
Corporate Services	362.4	370.0	466.8	339.2	578.0	597.2	638.6
Foreign Service Institute	–	–	–	57.8	61.5	63.2	64.8
Foreign and Domestic Properties Management	90.2	118.2	650.1	1 232.3	272.2	544.6	324.2
<b>Total</b>	<b>505.4</b>	<b>537.1</b>	<b>1 181.3</b>	<b>1 715.4</b>	<b>993.1</b>	<b>1 289.1</b>	<b>1 114.0</b>
Change to 2008 Budget estimate				665.5	(516.9)	138.2	112.0

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

Table 3.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>407.9</b>	<b>359.0</b>	<b>522.7</b>	<b>526.1</b>	<b>709.4</b>	<b>726.1</b>	<b>752.7</b>
Compensation of employees	150.3	141.0	168.5	209.5	259.9	260.6	261.9
Goods and services	257.6	218.1	354.2	316.6	449.5	465.5	490.7
of which:							
Audit costs: External	2.7	3.2	5.6	6.5	6.9	7.3	7.6
Bursaries (employees)	0.9	0.5	0.6	1.0	1.0	1.1	1.1
Communication	23.7	22.9	24.7	26.2	27.3	31.4	30.9
Computer services	7.9	3.8	53.5	19.0	22.6	26.6	28.1
Consultants and professional services:	7.5	3.7	8.4	33.7	28.6	39.9	33.8
Business and advisory services							
Entertainment	1.1	1.5	0.4	1.7	2.7	3.1	3.6
Inventory: Fuel, oil and gas	–	–	–	–	1.7	2.0	1.9
Inventory: Other consumables	1.3	1.5	3.6	1.7	2.0	2.2	2.3
Inventory: Stationery and printing	7.3	2.9	0.1	5.8	7.0	8.1	7.8
Lease payments	56.3	55.2	74.7	71.7	173.4	159.2	161.3
Transport provided: Departmental activities	35.0	43.6	–	49.7	51.3	59.1	61.4
Travel and subsistence	27.4	60.4	76.0	18.1	19.7	25.6	26.9
Training and development	11.5	6.8	3.4	8.1	9.7	11.1	10.9
Operating expenditure	74.3	10.7	98.8	70.9	92.8	85.5	109.8
Venues and facilities	0.8	1.4	4.5	2.6	2.7	3.2	3.2
Financial transactions in assets and liabilities	–	(0.0)	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>6.9</b>	<b>7.1</b>	<b>8.3</b>	<b>6.3</b>	<b>6.7</b>	<b>7.0</b>	<b>7.3</b>
Provinces and municipalities	0.5	0.1	0.1	–	–	–	–
Public corporations and private enterprises	5.4	5.6	7.2	6.3	6.7	7.0	7.3
Households	1.0	1.4	1.1	–	–	–	–
<b>Payments for capital assets</b>	<b>90.5</b>	<b>171.0</b>	<b>650.3</b>	<b>1 183.0</b>	<b>277.0</b>	<b>556.0</b>	<b>354.0</b>
Buildings and other fixed structures	42.8	118.2	629.6	1 152.2	272.2	544.6	324.2
Machinery and equipment	13.4	49.5	3.7	30.8	4.8	11.3	29.8
Software and other intangible assets	34.3	3.4	0.7	–	–	–	–
Land and subsoil assets	–	–	16.3	–	–	–	–
<b>Total</b>	<b>505.4</b>	<b>537.1</b>	<b>1 181.3</b>	<b>1 715.4</b>	<b>993.1</b>	<b>1 289.1</b>	<b>1 114.0</b>

## Details of selected transfers and subsidies

<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>5.4</b>	<b>5.6</b>	<b>7.2</b>	<b>6.3</b>	<b>6.7</b>	<b>7.0</b>	<b>7.3</b>
Insurance on vehicles	5.4	5.6	7.2	6.3	6.7	7.0	7.3
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>1.0</b>	<b>1.4</b>	<b>1.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Social benefits	1.0	1.4	1.1	–	–	–	–

## Expenditure trends

Expenditure increased from R505.4 million in 2005/06 to R1.7 billion in 2008/09, at an average annual rate of 50.3 per cent, with the most significant growth reflected in the *Foreign and Domestic Property Management* subprogramme, at an average annual rate of 139.1 per cent. The growth over this period was due to expenditure

on the head office campus project and an increase in the foreign portfolio budget as the department started with the acquisition of foreign property. Spending on buildings and other fixed structures included the foreign properties portfolio that increased from R42.8 million in 2005/06 to R342 million in 2008/09.

Over the MTEF period, expenditure in the *Administration* programme decreases at an average annual rate of 13.4 per cent due to the completion of the head office campus in 2008/09, and the reduction in the foreign property acquisitions allocation from 2009/10.

Over the MTEF period, spending on goods and services is expected to grow at an average annual rate of 15.7 per cent as a result of lease payments that are set to increase from R71.7 million in 2008/09 to R161.3 million in 2011/12, at an average annual rate of 31 per cent.

## Programme 2: Foreign Relations

- *Bilateral and Multilateral Relations Management* is the head office component responsible for developing and monitoring policy. It also provides support to the diplomatic missions abroad. The subprogramme represents 14 per cent of the total budget of the programme and funding is mainly used for head office support functions, including personnel.
- *Diplomatic Representation* implements foreign policy, and oversees the activities of all the South African missions worldwide. It is also the main cost driver of this programme and is the most affected by exchange rate fluctuations. Funding in this programme is mainly used for the day-to-day running of the missions.

### Objectives and measures

- Strengthen the governance structures and capacity of the AU by:
  - mobilising support for harmonising and rationalising regional economic communities by including these objectives into the terms of reference of the ministerial committee on the Union government and the high level panel for the audit of the AU
  - supporting the operationalisation of the remaining organs of the AU, such as the African Court of Justice and financial institutions, by participating in task teams that drive these processes through the deliberations relating to the AU draft strategic migration policy
  - maintaining financial support for the operations and temporary accommodation of the Pan African Parliament over the MTEF period and constructing a new building by 2010/11.
- Support SADC and its structures financially by:
  - participating in key processes aimed at strengthening governance and capacity in the SADC secretariat in particular
  - working towards the full implementation of the regional indicative strategic development programme and the realisation of the SADC regional economic integration agenda through facilitating the implementation of the regional indicative development plan and the strategic implementation plan of the organ.
- Support the development of the African continent by:
  - facilitating the implementation of NEPAD projects in priority sectors through engaging line function departments in the implementation of NEPAD priority sectors within South Africa, the SADC region and the African continent
  - integrating NEPAD programmes in the AU and SADC processes through convening regular task team meetings at the level of deputy ministers to feed into the SADC task force
  - strengthening the African peer review mechanism through regular consultation with the Department of Public Service and Administration and relevant stakeholders on the rollout of the continental African peer review mechanism process.
- Increase foreign representation in Asia and Africa by:

- establishing 3 new missions in Asia and 5 in Africa by 2010/11
- implementing the trade, development and cooperation agreement with the European Union (EU).
- Strengthen South-South economic and political relations and cooperation by:
  - participating in the India-Brazil-South Africa Dialogue Forum through various sectoral working groups and ministerial meetings in preparation for annual summits
  - actively participating in the New Africa-Asia strategic partnership through various forums annually.
- Strengthen North-South economic and political relations and cooperation to advance the African Agenda by engaging with the G8 and the Tokyo International Conference on African Development.
- Promote South Africa and the continent's interests by participating in multilateral forums and the review of the World Conference against Racism in 2009.

### **Service delivery and spending focus**

South Africa continued its focus on participating in the AU processes aimed at operationalising and strengthening the AU and its structures. To this end, South Africa supported the AU decision to adopt a common defence policy with a view to strengthen collective defence and security. The South African Defence Force was also involved in the launch of the SADC brigade.

The process of engaging the African diaspora continued in 2008/09 to enhance Africa's capacity to network with, attract and make use of all possible resources for developing both Africa and Africans in the African diaspora. Regional consultations took place in South Africa, Paris, Brasilia, London and Kingston.

In support of peace building and democratisation in the Democratic Republic of Congo, South Africa participated in the SADC post-conflict reconstruction technical assessment, the constitutional referendum, and SADC election observer missions in 2007, which resulted in relative peace and stability in the Democratic Republic of Congo. During 2007, South Africa also continued its involvement in post-conflict reconstruction and development in Sudan.

In relation to Zimbabwe, the department continued to assist with the implementation of the SADC mandate to encourage ZANU-PF and the two MDC formations to collectively discuss the country's political and economic challenges.

Relations with African counterparts were strengthened through structured bilateral mechanisms, high level visits and the finalisation and implementation of bilateral agreements in various fields, including trade, investment, mining and infrastructure.

South Africa continues to host the Pan African Parliament. As part of the host country agreement, a site has been identified for the construction of permanent accommodation for the Pan African Parliament.

During its tenure as an elected member of the UN Security Council (January 2007 to December 2008), South Africa played a key role with regard to issues such as the African Agenda and the security sector reform. South Africa influenced a large and diverse number of council outcomes, thereby enhancing its foreign policy objectives, and its role in conflict resolution and facilitation in Sudan, Côte d'Ivoire, Rwanda, Burundi, and the Democratic Republic of Congo.

During 2008, South Africa was also assigned leadership positions in the council, for example, as lead nation on Timor-Leste and heading a key security council mission to Africa. Moreover, it was instrumental in revitalising the debate on the relationship between the UN and regional organisations, as well as strengthening the coordination between the UN and the AU on Africa related issues.

As part of ongoing efforts to forge development partnerships with the North, South Africa participated in the SA-EU Troika to strengthen the existing framework for dialogue and cooperation between South Africa and the EU within the context of the trade, development and cooperation agreement.

To enhance relations between the African continent and the EU, South Africa participated in the EU-Africa Summit held in Lisbon in December 2007 and adopted the EU strategy for Africa. The strategy outlines a long



term shared vision of the EU/Africa relations in the global context and marks a new phase in the EU-Africa partnership.

To strengthen South-South relations, South Africa continued to liaise with countries of the South through the Non-Aligned Movement, G77, China, and the India-Brazil-South Africa Dialogue Forum.

South Africa started preparations in 2007 for the celebration of 10 years of diplomatic relations with the Peoples' Republic of China. Celebrations started in April 2008 during which South African fashion, culture, jewellery, food and wine were showcased. South Africa hosted the second India-Brazil-South Africa Summit in October 2007 and participated in the third summit hosted in India in October 2008.

Over the MTEF period, the programme's expenditure focus will be on building and strengthening capacity in foreign missions, particularly in Africa.

## Expenditure estimates

**Table 3.5 Foreign Relations**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Bilateral Relations Management	304.8	307.0	348.1	438.0	392.9	414.7	405.4
<i>Africa</i>	195.4	162.4	240.6	284.4	175.6	191.3	175.8
<i>Asia and Middle East</i>	25.7	36.7	40.8	52.2	52.5	55.7	58.9
<i>Americas and Europe</i>	37.7	49.4	28.5	67.7	61.4	62.3	63.3
<i>Multilateral</i>	45.9	58.5	38.2	33.7	103.4	105.4	107.4
Diplomatic Representation	1 413.7	1 580.0	1 774.7	2 224.3	2 735.7	2 800.6	2 835.4
<i>Africa</i>	392.7	496.6	538.8	663.6	812.2	841.2	855.9
<i>Asia and Middle East</i>	331.2	364.4	389.7	486.1	547.2	564.2	577.8
<i>Americas and Europe</i>	621.2	621.4	768.9	971.8	1 246.4	1 259.8	1 242.2
<i>Multilateral</i>	68.6	97.6	77.4	102.8	129.9	135.3	159.4
<b>Total</b>	<b>1 718.4</b>	<b>1 887.0</b>	<b>2 122.8</b>	<b>2 662.3</b>	<b>3 128.6</b>	<b>3 215.2</b>	<b>3 240.8</b>
Change to 2008 Budget estimate				251.6	489.9	412.6	280.1

### Economic classification

<b>Current payments</b>	<b>1 590.0</b>	<b>1 825.5</b>	<b>2 048.5</b>	<b>2 582.9</b>	<b>3 079.9</b>	<b>3 115.0</b>	<b>3 162.2</b>
Compensation of employees	885.6	948.6	1 073.2	1 183.8	1 684.9	1 648.3	1 713.2
Goods and services	683.5	876.7	974.8	1 399.2	1 395.0	1 466.6	1 449.0
<i>of which:</i>							
<i>Administrative fees</i>	4.9	5.4	9.8	6.9	7.2	8.7	8.3
<i>Advertising</i>	5.6	6.0	7.2	7.7	8.8	11.4	10.1
<i>Assets less than R5 000</i>	4.7	5.2	3.2	5.9	6.7	8.2	7.7
<i>Catering: Departmental activities</i>	17.6	18.6	20.1	21.7	23.8	29.0	27.4
<i>Communication</i>	34.1	39.0	38.0	41.6	41.1	51.0	47.3
<i>Computer services</i>	3.5	4.2	8.1	14.2	4.6	5.6	5.3
<i>Consultants and professional services: Business and advisory services</i>	1.8	11.9	4.1	19.6	4.1	4.9	4.7
<i>Entertainment</i>	15.4	16.3	23.2	17.3	22.5	28.5	26.0
<i>Inventory: Materials and supplies</i>	8.2	8.8	34.1	9.9	11.0	13.4	12.7
<i>Inventory: Other consumables</i>	–	–	–	–	4.4	5.4	5.1
<i>Inventory: Stationery and printing</i>	23.9	29.5	0.6	27.3	26.1	31.8	30.1
<i>Lease payments</i>	339.7	436.0	458.7	382.0	503.1	535.5	551.8
<i>Transport provided: Departmental activities</i>	79.2	62.1	–	69.4	74.2	78.2	81.1
<i>Travel and subsistence</i>	49.2	122.5	166.5	127.8	132.5	150.3	176.4
<i>Operating expenditure</i>	81.1	96.1	154.0	533.1	460.9	426.6	381.3
<i>Venues and facilities</i>	14.7	15.1	47.2	114.9	64.0	78.0	73.8
Financial transactions in assets and liabilities	20.8	0.2	0.5	–	–	–	–

Table 3.5 Foreign Relations (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>13.1</b>	<b>18.2</b>	<b>17.1</b>	<b>5.7</b>	<b>6.4</b>	<b>6.9</b>	<b>7.1</b>
Provinces and municipalities	0.5	0.1	6.8	–	–	–	–
Public corporations and private enterprises	3.9	5.0	6.2	5.7	6.4	6.9	7.1
Households	8.7	13.1	4.2	–	–	–	–
<b>Payments for capital assets</b>	<b>115.3</b>	<b>43.3</b>	<b>57.2</b>	<b>73.7</b>	<b>42.3</b>	<b>93.4</b>	<b>71.4</b>
Buildings and other fixed structures	–	1.2	0.0	–	–	–	–
Machinery and equipment	115.3	42.0	57.0	73.7	42.3	93.4	71.4
Software and other intangible assets	0.0	0.0	0.2	–	–	–	–
<b>Total</b>	<b>1 718.4</b>	<b>1 887.0</b>	<b>2 122.8</b>	<b>2 662.3</b>	<b>3 128.6</b>	<b>3 215.2</b>	<b>3 240.8</b>

## Details of selected transfers and subsidies

<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>3.9</b>	<b>5.0</b>	<b>6.2</b>	<b>5.7</b>	<b>6.4</b>	<b>6.9</b>	<b>7.1</b>
Insurance on vehicles	3.9	5.0	6.2	5.7	6.4	6.9	7.1
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>8.7</b>	<b>13.1</b>	<b>4.2</b>	–	–	–	–
Social benefits	8.7	13.1	4.2	–	–	–	–

## Expenditure trends

Expenditure grew at an average annual rate of 15.7 per cent from R1.7 billion in 2005/06 to R2.7 billion in 2008/09. Expenditure in this programme is significantly affected by exchange rate fluctuations, as foreign missions are funded by this programme.

The *Foreign Relations* programme has been responsible for hosting the Pan African Parliament since 2005/06. In 2005/06, the budget was R61.7 million and included the setting up costs for the temporary accommodation of the Pan African Parliament. Expenditure now averages R52 million per year. The increase in expenditure between 2005/06 and 2008/09 was also due to the expansion of foreign representation from 114 missions in 2005/06 to 123 missions in 2008/09. Other projects that contributed to the increase in 2008/09 included the African Diaspora Conference, the chairing of the SADC, and the SADC Summit.

Over the MTEF period, the budget increases at an average annual rate of 6.8 per cent, from R2.7 billion in 2008/09 to R3.2 billion in 2011/12, due to the additional allocation of R25 million in 2010/11 and R30 million in 2011/12 to enhance the capacity of missions.

## Programme 3: Public Diplomacy and Protocol Services

- *Public Diplomacy* liaises with the media, engages with national stakeholders, and promotes South Africa's policies and programmes both nationally and internationally. Funding mainly relates to logistical costs for promotions, policies and programmes.
- *Protocol* deals with protocol administration, protocol ceremonial services, state visits, diplomatic liaison, and intergovernmental or provincial protocol services. The subprogramme organises international conferences and ensures the availability of guesthouses for visitors. Funding is used to cover costs relating to the presidential inauguration and the facilitation of state visits, both incoming and outgoing.



## Objectives and measures

- Provide logistical, media and communication support to the ministry through daily updates to missions abroad and timely international and local media briefings, conferences and interviews within 10 days of an event.
- Provide protocol and diplomacy services for the organisation and hosting of the African Diaspora Conference, the New Asia-Africa Strategic Partnership Summit, the NEPAD heads of state implementation committee, the annual AU foreign ministers' meeting, and for the chairing of the SADC Summit in 2009.

## Service delivery and spending focus

In 2008, the new state protocol facilities at the OR Tambo International Airport and the Cape Town International Airport came into operation. Negotiations also began with the Airports Company of South Africa for the construction of protocol facilities at the new airport in La Mercy, Durban.

Over the MTEF period, the spending priorities of the programme will be: delivering an excellent presidential inauguration in 2009/10; implementing identified media liaison interventions; providing improved speech writing and other strategic communication services; implementing the marketing communication plan; managing and maintaining guesthouse and state protocol lounges; and improving the planning, execution and management of international state events.

## Expenditure estimates

**Table 3.6 Public Diplomacy and Protocol**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Public Diplomacy	21.7	25.8	23.5	45.6	35.6	37.6	40.2
Protocol	87.5	92.6	118.0	113.7	179.6	115.5	119.0
<b>Total</b>	<b>109.2</b>	<b>118.4</b>	<b>141.5</b>	<b>159.3</b>	<b>215.3</b>	<b>153.0</b>	<b>159.2</b>
Change to 2008 Budget estimate				12.0	(8.7)	(11.1)	1.3

  

Economic classification							
<b>Current payments</b>	<b>92.0</b>	<b>94.2</b>	<b>103.5</b>	<b>135.4</b>	<b>190.9</b>	<b>126.4</b>	<b>131.9</b>
Compensation of employees	36.4	46.9	51.4	65.3	68.5	69.7	71.8
Goods and services	55.6	47.3	52.1	70.2	122.4	56.7	60.1
of which:							
Communication	1.9	2.4	2.5	2.4	1.9	1.5	1.6
Computer services	0.1	0.0	0.2	0.3	0.7	0.5	0.5
Consultants and professional services: Business and advisory services	1.5	0.1	0.3	1.8	2.2	2.5	2.8
Entertainment	–	–	0.8	–	–	–	–
Inventory: Stationery and printing	4.0	4.9	–	4.5	4.8	5.0	5.2
Lease payments	5.1	2.4	2.1	2.2	2.4	2.9	3.1
Owned and leasehold property expenditure	–	–	0.8	–	–	–	–
Transport provided: Departmental activities	10.2	8.8	–	11.4	16.1	7.7	9.0
Travel and subsistence	26.2	25.9	37.3	40.9	30.1	32.8	33.9
Operating expenditure	6.2	1.9	7.2	6.2	3.5	3.1	3.1
Venues and facilities	0.5	0.8	0.9	0.5	60.9	0.9	1.0
<b>Transfers and subsidies</b>	<b>15.9</b>	<b>23.1</b>	<b>17.4</b>	<b>22.7</b>	<b>24.4</b>	<b>26.6</b>	<b>27.3</b>
Provinces and municipalities	12.7	20.4	16.4	22.7	24.4	26.6	27.3
Public corporations and private enterprises	0.0	–	–	–	–	–	–
Households	3.2	2.7	0.9	–	–	–	–
<b>Payments for capital assets</b>	<b>1.3</b>	<b>1.1</b>	<b>20.7</b>	<b>1.1</b>	<b>–</b>	<b>–</b>	<b>–</b>
Buildings and other fixed structures	–	–	20.2	–	–	–	–
Machinery and equipment	1.3	1.1	0.4	1.1	–	–	–
<b>Total</b>	<b>109.2</b>	<b>118.4</b>	<b>141.5</b>	<b>159.3</b>	<b>215.3</b>	<b>153.0</b>	<b>159.2</b>

Table 3.6 Public Diplomacy and Protocol (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>12.6</b>	<b>20.4</b>	<b>16.4</b>	<b>22.7</b>	<b>24.4</b>	<b>26.6</b>	<b>27.3</b>
Municipal rates and taxes for diplomatic missions	12.6	20.4	16.4	22.7	24.4	26.6	27.3
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>3.2</b>	<b>2.7</b>	<b>0.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Gifts and donations	2.7	-	-	-	-	-	-
Social benefits	0.5	2.7	0.9	-	-	-	-

## Expenditure trends

The department has expanded its activities in the traditional area of diplomacy. The role of the *Protocol* subprogramme has increased significantly in the areas of incoming and outgoing state visits, as well as the hosting of international conferences.

Expenditure increased from R109.2 million in 2005/06 to R159.3 million 2008/09 at an average annual rate of 13.4 per cent, due to the significant increase in the number of incoming and outgoing state visits and the revamping of the state protocol lounges at the Cape Town and OR Tambo International Airports.

Spending in the *Protocol* subprogramme increases by 58.1 per cent in 2009/10 due to an allocation of R60 million for the presidential inauguration. Expenditure in this programme is expected to decrease marginally from R159.3 million in 2008/09 to R159.2 million in 2011/12.

## Programme 4: International Transfers

- *International Transfers* funds fees and contributions to various international organisations.

## Expenditure estimates

Table 3.7 International Transfers

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
International Organisations	354.7	402.2	624.1	1 032.8	1 000.0	814.7	987.1
<b>Total</b>	<b>354.7</b>	<b>402.2</b>	<b>624.1</b>	<b>1 032.8</b>	<b>1 000.0</b>	<b>814.7</b>	<b>987.1</b>
Change to 2008 Budget estimate				300.0	210.2	(8.1)	259.3
<b>Economic classification</b>							
<b>Transfers and subsidies</b>	<b>354.7</b>	<b>402.2</b>	<b>624.1</b>	<b>1 032.8</b>	<b>1 000.0</b>	<b>814.7</b>	<b>987.1</b>
Departmental agencies and accounts	100.0	150.0	300.0	698.9	631.4	431.1	615.4
Foreign governments and international organisations	254.7	252.2	324.1	333.9	368.7	383.7	371.7
<b>Total</b>	<b>354.7</b>	<b>402.2</b>	<b>624.1</b>	<b>1 032.8</b>	<b>1 000.0</b>	<b>814.7</b>	<b>987.1</b>

Table 3.7 International Transfers (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>100.0</b>	<b>150.0</b>	<b>300.0</b>	<b>698.9</b>	<b>631.4</b>	<b>431.1</b>	<b>615.4</b>
African Renaissance and International Cooperation Fund	100.0	150.0	300.0	698.9	631.4	431.1	615.4
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>254.5</b>	<b>251.8</b>	<b>323.5</b>	<b>333.0</b>	<b>367.7</b>	<b>382.6</b>	<b>370.7</b>
African Union	105.0	85.0	110.4	122.9	153.5	159.0	152.1
India-Brazil-South Africa Trust Fund	6.0	5.4	10.1	7.4	7.7	8.1	8.1
New Partnership for Africa's Development	30.0	30.0	30.0	31.6	33.1	34.6	34.6
Other international organisations	0.4	4.1	0.2	1.0	1.1	1.1	1.1
United Nations Development Programme: Local office costs	3.7	–	5.5	5.2	5.4	5.6	5.6
African, Caribbean and Pacific	1.9	3.1	3.2	3.7	3.8	3.9	3.9
Commonwealth	6.3	7.0	8.1	17.7	8.6	9.4	9.4
Southern African Development Community	19.8	25.3	29.6	30.8	32.0	33.3	33.3
United Nations	54.6	64.3	86.1	79.4	88.1	91.9	86.9
United Nations Human Rights Council	0.6	0.1	–	0.3	0.3	0.3	0.3
Bacterial and Toxic Weapons Convention	–	–	–	0.5	0.5	0.5	0.5
Comprehensive Test Ban Treaty	3.9	2.4	2.9	5.5	5.8	6.0	6.0
Humanitarian aid	18.2	17.8	34.0	24.1	24.9	25.7	25.7
South Centre Capital Fund	0.0	0.5	1.0	1.1	1.2	1.2	1.2
United Nations Development Programme in Southern Africa	0.7	6.6	1.3	1.1	1.1	1.2	1.2
United Nations Children's Fund	3.4	0.2	0.4	0.2	0.2	0.2	0.2
United Nations Convention on the Law of the Sea	–	–	0.6	0.5	0.6	0.6	0.6

## Expenditure trends

Expenditure in this programme grew at an average annual rate of 42.8 per cent from R354.7 million in 2005/06 to R1 billion in 2008/09, due to the increase in the AU membership contribution and the recapitalisation of the African Renaissance Fund. Contributions to the AU increased from R105 million in 2005/06 to R122.9 million in 2008/09 to provide for peacekeeping initiatives, while the allocation to the African Renaissance Fund increased from R100 million to R698.9 million to fund post-conflict reconstruction and development initiatives in Africa, specifically in Burundi, the Democratic Republic of Congo and Zimbabwe.

The budget over the MTEF period decreases at an average annual rate of 1.5 per cent from R1 billion in 2008/09 to R987 million in 2011/12. The 2009 budget includes an additional allocation of R150 million to the African Renaissance Fund to increase its contribution to post-conflict reconstruction and development in Africa, and other humanitarian assistance initiatives.

## Additional tables

**Table 3.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	810.3	1 190.7	1 181.3	1 049.9	665.5	1 715.4	1 559.9
2. Foreign Relations	2 288.5	2 143.4	2 122.8	2 410.7	251.6	2 662.3	2 602.3
3. Public Diplomacy and Protocol	129.3	139.7	141.5	147.3	12.0	159.3	159.3
4. International Transfers	628.3	645.3	624.1	732.8	300.0	1 032.8	1 031.6
<b>Total</b>	<b>3 856.4</b>	<b>4 119.1</b>	<b>4 069.7</b>	<b>4 340.7</b>	<b>1 229.1</b>	<b>5 569.8</b>	<b>5 353.1</b>

  

Economic classification							
<b>Current payments</b>	<b>2 760.8</b>	<b>2 675.2</b>	<b>2 674.7</b>	<b>2 980.9</b>	<b>263.6</b>	<b>3 244.4</b>	<b>3 171.9</b>
Compensation of employees	1 479.0	1 312.8	1 293.2	1 456.9	1.6	1 458.5	1 458.5
Goods and services	1 281.9	1 362.3	1 381.1	1 523.9	262.0	1 785.9	1 713.4
Financial transactions in assets and liabilities	–	–	0.5	–	–	–	–
<b>Transfers and subsidies</b>	<b>651.5</b>	<b>684.8</b>	<b>666.9</b>	<b>767.6</b>	<b>300.0</b>	<b>1 067.6</b>	<b>1 066.4</b>
Provinces and municipalities	11.9	20.0	23.3	22.7	–	22.7	22.7
Departmental agencies and accounts	300.0	300.0	300.0	398.9	300.0	698.9	698.9
Public corporations and private enterprises	11.3	13.3	13.4	12.0	–	12.0	12.0
Foreign governments and international organisations	328.3	349.5	324.1	333.9	–	333.9	332.7
Households	–	2.0	6.2	–	–	–	–
<b>Payments for capital assets</b>	<b>444.0</b>	<b>759.1</b>	<b>728.1</b>	<b>592.3</b>	<b>665.5</b>	<b>1 257.8</b>	<b>1 114.8</b>
Buildings and other fixed structures	325.3	671.0	649.9	486.7	665.5	1 152.2	1 009.2
Machinery and equipment	118.7	88.1	61.1	105.6	–	105.6	105.6
Software and intangible assets	–	–	0.8	–	–	–	–
Land and subsoil assets	–	–	16.3	–	–	–	–
<b>Total</b>	<b>3 856.4</b>	<b>4 119.1</b>	<b>4 069.7</b>	<b>4 340.7</b>	<b>1 229.1</b>	<b>5 569.8</b>	<b>5 353.1</b>

**Table 3.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	1 072.4	1 136.5	1 293.2	1 458.5	2 013.3	1 978.6	2 046.8
Unit cost (R million)	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Personnel numbers (head count)	3 930	4 313	4 493	4 504	4 521	4 533	4 549
Personnel numbers (head count)	2	83	89	13	12	10	9
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>1 072.4</b>	<b>1 136.5</b>	<b>1 293.2</b>	<b>1 458.5</b>	<b>2 013.3</b>	<b>1 978.6</b>	<b>2 046.8</b>
<b>Unit cost (R million)</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
<b>Personnel numbers (head count)</b>	<b>3 932</b>	<b>4 396</b>	<b>4 582</b>	<b>4 517</b>	<b>4 533</b>	<b>4 543</b>	<b>4 558</b>
<b>Learnerships</b>							
Payments for learnerships (R million)	4.0	4.0	4.0	4.0	4.1	4.4	4.8
Number of learnerships (head count)	39	79	42	42	45	50	53

**Table 3.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	1 072.4	1 136.5	1 312.8	1 458.5	1 707.3	1 897.1	1 956.1
Training expenditure (R million)	2.9	4.0	13.1	8.1	12.4	14.4	14.1
Training as percentage of compensation	0.3%	0.4%	1.0%	0.6%	0.7%	0.8%	0.7%
Total number trained in department (head count)	1 095	1 117	1 139	1 139			
<i>of which:</i>							
Employees receiving bursaries (head count)	95	95	95	9			
Learnerships trained (head count)	39	79	42	42			

**Table 3.D Summary of departmental public private partnership projects**

Project description: Department of Foreign Affairs office campus		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million			2008/09	2009/10	2010/11	2011/12
<b>Projects signed in terms of Treasury Regulation 16</b>		<b>161.5</b>	<b>12.5</b>	<b>109.9</b>	<b>120.0</b>	<b>115.0</b>
PPP unitary charge		161.5	12.5	109.9	120.0	115.0
<b>Total</b>		<b>161.5</b>	<b>12.5</b>	<b>109.9</b>	<b>120.0</b>	<b>115.0</b>

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	Acquisition of suitable office accommodation for the Department of Foreign Affairs
Brief description	Office campus for Department of Foreign Affairs staff in Pretoria
Date public private partnership agreement was signed	Estimated date: February 2009
Duration of public private partnership agreement	25 years
Escalation index for unitary fee	CPIX
Net present value of all payment obligations discounted at appropriate duration government bond yield	Unitary fee and all its cost implications will be fixed at financial close, estimated to be in February 2009

Table 3.E Summary of expenditure on infrastructure

R million	Type of infrastructure		Service delivery outputs		Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)														
	Head office campus (early works agreement)				-	-	-	-	300.0	665.5	-	-	-	
Small projects or programmes (costing less than R50 million per year)														
Maseru	Chancery and staff residence	Design and construction of chancery and staff housing and purchase of housing	-	-	-	-	14.6	22.6	35.9	15.0	-	-	-	
Abuja	Chancery and staff residence	Purchase of housing design and construction of chancery and official residence	-	-	-	-	-	2.7	57.1	56.7	-	-	-	
Dar es Salaam	Official residence	Acquisition of official residence	-	-	-	-	-	-	-	20.0	6.5	-	-	
Addis Ababa	Chancery and staff residence	Design and construction of chancery and three residences	-	-	-	-	20.0	26.5	66.6	-	-	-	-	
Dar es Salaam	Official residence	Acquisition of official residence	-	-	-	-	-	0.1	1.8	-	8.0	-	-	
Kigali	Chancery and staff residence	Design and acquisition phase of project	-	-	-	-	-	0.1	2.2	18.0	5.5	-	-	
Lilongwe	Official residence	Design and acquisition phase of project	-	-	-	-	-	0.1	0.9	17.0	15.5	-	-	
Mbabane	Chancery and staff residence	Design and construction of chancery and staff housing	-	-	-	-	-	0.2	2.5	20.0	28.0	-	-	
Gaborone	Official residence	Construction of official residence	-	-	-	-	-	24.0	0.2	3.5	2.5	-	-	
Bamako	Chancery and staff residence	Design and construction of chancery official and staff residence	-	-	-	-	-	-	0.2	17.5	25.0	-	-	
Riyadh	Chancery and staff Residence	Design and construction of chancery and official residence	-	-	-	-	-	-	-	6.0	18.5	27.0	-	
Nairobi	Chancery and staff residence	Acquisition of chancery and official residence	-	-	-	-	-	-	-	28.0	-	-	-	
Luanda	Chancery	Construction of chancery	-	-	-	-	-	-	-	20.0	6.5	-	-	
Geneva	Chancery	Acquisition of chancery	-	-	-	-	-	-	-	-	125.0	-	-	
New Delhi	Chancery and staff residence	Acquisition of land	-	-	-	-	-	-	-	35.0	-	-	-	
New Delhi	Official residence		-	-	-	-	-	-	-	-	5.5	25.0	-	
Tokyo and New York	Chancery and staff residence	Feasibility studies and public private partnership	-	-	-	-	-	-	1.0	7.0	-	-	-	
Kampala	Chancery	Acquisition of chancery	-	-	-	-	-	-	-	-	24.0	-	-	
Lusaka	Chancery and staff residence	Acquisition of land	-	-	-	-	-	-	-	-	6.0	2.5	-	
Addis Ababa	Official residence	Acquisition of official residence	-	-	-	-	-	-	-	-	8.0	-	-	
Gaborone	Chancery	Acquisition of chancery	-	-	-	-	-	-	22.7	-	-	-	-	
Refurbishment and maintenance at missions	Chancery and staff residence	Harare, Washington, London, Paris, The Hague, Bern, Munich, Copenhagen, Madrid and Kinshasa	-	-	-	-	8.2	43.1	70.8	78.0	131.3	137.3	171.5	

Table 3.E Summary of expenditure on infrastructure (continued)

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Small projects or programmes (costing less than R50 million per year)											
Bujumbura	Chancery	Acquisition of chancery	-	-	-	-	4.9	-	-	-	-
Riyadh	Chancery and staff residence	Acquisition of land	-	-	-	-	10.6	-	-	-	-
Brussels	Chancery	Acquisition of chancery	-	-	-	-	93.6	-	-	-	-
Total			-	-	42.8	119.4	671.0	1 007.2	415.8	191.8	171.5

# Vote 4

## Home Affairs

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	1 087.1	1 033.8	1.3	52.0	1 203.0	1 454.0
Services to Citizens	1 336.9	1 189.4	3.1	144.4	1 403.3	1 398.5
Immigration Services	1 327.4	1 325.2	0.3	2.0	1 557.7	1 260.7
Transfers to Agencies	1 299.1	–	1 299.1	–	1 416.8	893.8
<b>Total expenditure estimates</b>	<b>5 050.6</b>	<b>3 548.4</b>	<b>1 303.8</b>	<b>198.5</b>	<b>5 580.8</b>	<b>5 007.0</b>
Executive authority	Minister of Home Affairs					
Accounting officer	Director-General of Home Affairs					
Website address	www.home-affairs.gov.za					

### Aim

*The aim of the Department of Home Affairs is to protect and regulate the interests of the inhabitants of the Republic of South Africa regarding their individual status, identity and specific rights and powers, and to manage a supporting service for this.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide for the overall management of the department and centralised support services.

#### Programme 2: Services to Citizens

**Purpose:** Carry out the department's core functions: grant rights and citizenship to eligible persons.

#### Programme 3: Immigration Services

**Purpose:** Control immigration in line with South Africa's skills and investment needs. Manage refugees and asylum seekers in South Africa.

#### Programme 4: Transfers to Agencies

**Purpose:** Provide financial support to the Film and Publication Board, the Government Printing Works and the Electoral Commission.

### Strategic overview: 2005/06 – 2011/12

The mandate of the Department of Home Affairs is to identify and determine the status of people and issue documents that make it possible for them to realise their rights and access benefits and opportunities in both the public and private domains. By expanding these services to marginalised communities, the department plays a vital role in deepening democracy and promoting social security.



The department is also responsible for managing migration and ports of entry. Through its document processing functions and its role in foreign missions, the department makes a significant contribution to ensuring national security, enabling economic development and tourism, and promoting good international relations.

### Improving service delivery

The department's turnaround programme, introduced in June 2007, is in phase 2 of its five-year cycle. The objective is to transform the department into a modern, efficient, cost effective service organisation, responsive to the needs of South African citizens, residents and visitors. Phase 2 focuses on implementing broad based changes and will continue until the end of 2009/10. Phase 3, aimed at consolidating changes, will begin in 2010/11.

In 2009/10, the department will pay special attention to improving the security of enabling documents and related systems. A comprehensive policy and legal framework will be developed through engagements with government and civil society. Specific projects include the launch of the electronic identification card, and a modern passport production facility in conjunction with the Government Printing Works.

### Fighting corruption

The national population register is a critical national resource, and the department will accelerate its efforts to update and maintain it. This intervention will make a significant contribution to the fight against corruption by preventing officials from fraudulently entering individuals' details on the register. Other specific anti-corruption measures include increasing the department's human resource capacity in this area and working closely with the relevant agencies. Corruption involving the department's employees and national and international criminal syndicates compromises both the security of the state and the integrity of documents issued by the department. Through the Government Printing Works, the department is in the process of including tamper proof security features in documents.

### Improving immigration services

The Department of Home Affairs will focus on improving the operational efficiencies of its immigration services. Key areas include: consolidating and improving the refugee and deportation system; rolling out the large account unit further; implementing standardised processes and operating procedures for the immigration inspectorate, port control and foreign offices; and developing IT applications for the advanced passenger information and advanced passenger profiling systems in preparation for the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup. The passenger information and profiling systems allow airlines to send information on passengers to immigration officers. These systems will be piloted during the 2009 FIFA Confederations Cup.

The completion and implementation of the law enforcement strategy will provide a professional law enforcement capacity within immigration services. The development of analysts, special investigators, fraud detection units and visible operations units will ensure that immigration transgressions are managed effectively.

### Focus over the medium term

Over the medium term, the department expects to achieve more client centred and value driven service delivery by improving, safeguarding and managing national identity processes and the status and movement of people. The department aims to achieve these outcomes with competent staff, sound leadership and governance, reliable and measurable end-to-end processes, and secure, cost effective facilities.

## Selected performance and operations indicators

**Table 4.1 Home Affairs**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of days to issue an unabridged birth, marriage and death certificate	Services to Citizens	–	–	180-240	180-240	5	5	5
Number of new birth, death and marriage registrations	Services to Citizens	2 238 711	2 136 887	2 058 126	2 144 575	2 251 803	2 364 393	2 482 613

**Table 4.1 Home Affairs (continued)**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of days taken to issue all passports and travel documents	Services to Citizens	50	50	41	10	10	5	5
Number of new passports and travel documents issued	Services to Citizens	1 043 920	1 006 701	1 081 771	1 189 948	1 308 942	1 439 837	1 583 820
Number of days to issue an identity document (first issue)	Services to Citizens	–	–	127	60	60	30	30
Number of days to issue an identity document (second issue)	Services to Citizens	–	–	98	56	30	20	20
Number of new identity documents issued	Services to Citizens	2 188 731	1 986 000	1 986 000	3 972 000	1 986 000	1 986 000	2 085 300
Total number of citizenship certificates (naturalisation) issued	Services to Citizens	19 888	24 671	28 372	32 627	37 522	43 150	45 308
Number of calls handled by the customer service centre each year	Services to Citizens	–	–	33 770	162 121	508 073	510 000	535 500
Total number of civic service points (by type)	Services to Citizens	414	456	675	681	691	701	711

## Expenditure estimates

**Table 4.2 Home Affairs**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	727.3	738.3	950.9	1 266.9	1 235.9	1 087.1	1 203.0	1 454.0
2. Services to Citizens	1 016.0	873.7	911.3	1 225.8	1 111.5	1 336.9	1 403.3	1 398.5
3. Immigration Services	464.6	571.7	764.9	1 113.6	1 113.6	1 327.4	1 557.7	1 260.7
4. Transfers to Agencies	964.2	363.1	614.7	1 210.3	1 210.3	1 299.1	1 416.8	893.8
<b>Total</b>	<b>3 172.1</b>	<b>2 546.9</b>	<b>3 241.7</b>	<b>4 816.6</b>	<b>4 671.4</b>	<b>5 050.6</b>	<b>5 580.8</b>	<b>5 007.0</b>
Change to 2008 Budget estimate				311.6	166.3	155.1	310.7	625.0

### Economic classification

<b>Current payments</b>	<b>1 623.6</b>	<b>1 781.3</b>	<b>2 395.6</b>	<b>3 442.9</b>	<b>3 411.9</b>	<b>3 548.4</b>	<b>4 075.0</b>	<b>4 054.4</b>
Compensation of employees	717.9	844.7	1 087.0	1 439.5	1 439.5	1 608.6	1 853.3	2 085.4
Goods and services	904.4	926.6	1 282.0	2 003.5	1 972.5	1 939.8	2 221.6	1 969.0
of which:								
Administrative fees	9.3	10.9	14.7	4.6	4.6	1.4	1.5	1.6
Advertising	7.0	16.7	18.0	15.4	15.4	8.3	7.4	7.4
Assets less than R5 000	17.6	9.3	10.6	290.6	290.6	367.9	508.9	429.1
Audit costs: External	5.7	8.4	7.6	8.5	8.5	2.6	2.7	2.9
Bursaries (employees)	2.5	3.4	4.2	4.0	4.0	1.2	1.3	1.3
Catering: Departmental activities	0.4	2.0	5.5	10.6	10.6	6.1	5.7	5.5
Communication	42.9	58.9	65.5	68.5	68.5	36.5	36.1	39.4
Computer services	286.9	191.5	127.2	265.9	265.9	214.9	300.8	262.3
Consultants and professional services: Business and advisory service	1.9	0.9	2.7	371.6	371.6	531.5	453.5	334.5
Consultants and professional services: Legal costs	8.2	7.1	9.9	7.0	7.0	2.1	2.2	2.4
Contractors	11.1	20.0	101.1	69.0	69.0	36.8	36.9	40.2
Agency and support / outsourced services	152.4	164.8	369.3	161.6	161.6	94.3	90.8	102.2
Entertainment	0.5	0.4	0.4	1.2	1.2	0.5	0.5	0.5
Inventory: Other consumables	2.4	3.7	5.2	7.0	(24.0)	3.6	3.6	3.9
Inventory: Stationery and printing	70.6	76.5	87.1	108.4	108.4	104.8	154.2	66.7
Lease payments	4.2	0.2	93.7	155.4	155.4	204.3	268.3	229.5
Owned and leasehold property expenditure	88.1	89.9	82.2	102.3	102.3	115.5	133.7	210.2
Transport provided: Departmental activities	6.0	–	–	80.3	80.3	50.7	47.9	54.8
Travel and subsistence	176.6	242.4	257.6	189.0	189.0	109.9	112.3	117.7
Training and development	–	–	–	22.7	22.7	16.5	23.1	24.9
Operating expenditure	5.7	15.2	14.9	33.2	33.2	18.7	17.8	20.0
Venues and facilities	4.3	4.4	4.6	26.0	26.0	11.5	11.9	11.9
Financial transactions in assets and liabilities	1.3	10.0	26.7	–	–	–	–	–

**Table 4.2 Home Affairs (continued)**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>969.9</b>	<b>368.2</b>	<b>625.8</b>	<b>1 214.5</b>	<b>1 214.5</b>	<b>1 303.8</b>	<b>1 421.7</b>	<b>899.0</b>
Provinces and municipalities	2.3	1.0	0.5	–	–	–	–	–
Departmental agencies and accounts	964.2	363.1	614.7	1 210.3	1 210.3	1 299.1	1 416.8	893.8
Households	3.4	4.1	10.7	4.2	4.2	4.6	4.9	5.2
<b>Payments for capital assets</b>	<b>578.5</b>	<b>397.4</b>	<b>220.3</b>	<b>159.2</b>	<b>44.9</b>	<b>198.5</b>	<b>84.1</b>	<b>53.7</b>
Buildings and other fixed structures	72.6	45.9	–	–	–	–	–	–
Machinery and equipment	364.3	233.1	178.7	44.9	44.9	94.0	84.1	53.7
Software and other intangible assets	141.7	118.4	41.6	114.2	–	104.4	–	–
<b>Total</b>	<b>3 172.1</b>	<b>2 546.9</b>	<b>3 241.7</b>	<b>4 816.6</b>	<b>4 671.4</b>	<b>5 050.6</b>	<b>5 580.8</b>	<b>5 007.0</b>

## Expenditure trends

Expenditure decreased from R3.2 billion in 2005/06 to R2.6 billion in 2006/07 at an average annual rate of 19.7 per cent. Service delivery improvement initiatives resulted in the increase from 2006/07 to 2007/08. Increases in 2007/08 and 2008/09 were mainly due to transfers to the Electoral Commission to prepare for the 2009 elections. The strong growth in 2008/09 has also been influenced by an increase in allocations to public entities: the Electoral Commission to prepare for the 2009 elections; the Film and Publication Board to expand its monitoring role and its research and compliance capabilities; and the Government Printing Works for a new production facility.

Expenditure is expected to rise by an average annual rate of 1.3 per cent over the medium term, reaching R5 billion in 2011/12.

The department receives additional allocations of R320 million for 2009/10, R482 million for 2010/11, and R752 million for 2011/12. Included in these allocations are provisions for: organisation implementation; foot print optimisation; refurbishment; the repair and maintenance programme; Who Am I On Line; design and planning for the 2010 FIFA World Cup; port control transformation; the Film and Publication Board (intended to cover costs relating to the ministers' task team, the action plan on pornography, council meetings and public awareness campaigns); the Government Printing Works for the passport system; and the Electoral Commission for transparent ballot boxes, civic and democracy (voter) education, and the upgrade of portable barcode scanners.

Savings over the medium term of R154.1 million, R153.3 million and R106.8 million have been identified in goods and services (for consultants and professional services) and the transfer payments to the Film and Publication Board and the Government Printing Works.

## Departmental receipts

Revenue is mainly generated from fees charged for issuing passports and identity, travel and other official documents. The increases in 2006/07 and 2007/08 were mainly due to the late capturing of revenue received for services provided in foreign missions. An increase in revenue from fees is expected in 2009/10 due to the projected increase in the demand for identity documents because of the 2009 elections, and for travel documents for the 2010 FIFA World Cup.

**Table 4.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>237 568</b>	<b>468 239</b>	<b>421 123</b>	<b>407 883</b>	<b>359 551</b>	<b>429 489</b>	<b>455 258</b>	<b>482 575</b>
Sales of goods and services produced by department	225 262	445 765	369 460	391 618	340 582	415 126	440 033	466 436
Sales of scrap, waste, arms and other used current goods	11	2	12	10	13	–	–	–
Fines, penalties and forfeits	12 235	18 035	28 788	13 489	15 391	14 164	15 014	15 915
Interest, dividends and rent on land	172	154	1 783	190	257	199	211	224
Sales of capital assets	26	1	–	76	135	–	–	–
Financial transactions in assets and liabilities	(138)	4 282	21 080	2 500	3 173	–	–	–
<b>Total</b>	<b>237 568</b>	<b>468 239</b>	<b>421 123</b>	<b>407 883</b>	<b>359 551</b>	<b>429 489</b>	<b>455 258</b>	<b>482 575</b>

## Programme 1: Administration

### Expenditure estimates

**Table 4.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	0.8	1.0	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.6	0.7	0.7	1.3	1.4	1.5	1.6
Management	118.3	112.8	275.8	464.4	282.8	228.2	243.4
Corporate Services	62.0	88.8	93.1	122.4	105.8	112.3	113.6
Financial Services	71.5	75.1	99.9	113.8	116.3	122.6	125.1
Information Services	101.1	146.0	224.4	230.2	182.8	217.0	231.6
Transversal IT Projects	105.7	65.6	58.2	94.7	144.0	189.4	374.8
Connectivity	23.4	13.3	–	–	–	–	–
EDMS	15.7	–	–	–	3.3	3.3	3.3
Live Capturing	7.4	10.1	–	–	–	–	–
Business Intelligence	–	–	–	–	19.0	19.0	7.6
BCMP	–	21.3	–	–	–	–	–
IT Turnaround Intervention Projects	–	–	–	13.1	–	–	–
Information Security System	52.6	6.3	–	6.1	–	–	–
Information Services Infrastructure	–	–	–	50.0	95.0	76.0	81.0
Who Am I Online	–	–	–	–	–	61.8	251.8
Refugee System	–	–	42.0	9.8	10.2	11.2	11.9
Back to Basics	–	–	12.0	11.3	11.8	13.0	13.8
Information Services Programme Management	6.6	14.5	4.3	4.5	4.7	5.2	5.5
Government Motor Transport	104.3	114.1	24.1	27.4	42.6	90.6	41.6
Property Management	163.1	134.4	173.8	211.1	209.7	239.5	320.4
<b>Total</b>	<b>727.3</b>	<b>738.3</b>	<b>950.9</b>	<b>1 266.9</b>	<b>1 087.1</b>	<b>1 203.0</b>	<b>1 454.0</b>
Change to 2008 Budget estimate				88.7	(227.7)	(171.4)	291.4

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

**Table 4.4 Administration (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>443.9</b>	<b>517.0</b>	<b>870.3</b>	<b>1 220.9</b>	<b>1 033.8</b>	<b>1 149.0</b>	<b>1 398.9</b>
Compensation of employees	114.4	139.6	158.9	215.6	220.9	279.6	297.9
Goods and services	328.8	377.3	684.7	1 005.3	812.9	869.4	1 101.1
of which:							
Administrative fees	8.9	9.7	12.6	3.4	1.4	1.4	1.5
Advertising	6.1	12.3	10.3	9.4	3.8	3.0	3.2
Assets less than R5 000	1.9	1.7	6.0	59.2	91.9	111.9	199.4
Audit costs: External	5.7	8.4	7.6	8.5	2.6	2.7	2.9
Bursaries (employees)	2.5	3.4	4.2	4.0	1.2	1.3	1.3
Catering: Departmental activities	0.2	1.0	3.3	5.5	1.8	1.9	2.2
Communication	14.5	18.7	11.6	13.2	4.8	5.0	5.4
Computer services	62.6	78.7	95.0	183.6	95.0	109.4	161.2
Consultants and professional services: Business and advisory service	1.9	0.9	2.7	318.9	241.0	175.4	213.6
Consultants and professional services: Legal costs	8.2	7.1	9.9	7.0	2.1	2.2	2.4
Contractors	8.3	17.6	44.8	13.5	4.1	4.3	4.6
Agency and support / outsourced services	51.0	50.7	234.4	14.9	4.7	4.9	5.3
Inventory: Other consumables	0.5	1.6	2.8	1.9	0.6	0.6	0.7
Inventory: Stationery and printing	9.1	8.8	8.8	11.2	4.5	4.6	6.1
Lease payments	4.1	0.2	93.7	154.4	200.1	264.7	225.8
Owned and leasehold property expenditure	88.0	89.6	82.0	94.0	110.6	128.9	204.9
Travel and subsistence	50.9	60.7	48.9	56.3	22.0	23.6	28.2
Training and development	–	–	–	19.0	11.5	13.6	21.5
Operating expenditure	2.8	3.5	3.5	6.2	2.4	2.2	2.3
Venues and facilities	1.2	2.5	2.3	20.5	6.7	7.2	8.3
Financial transactions in assets and liabilities	0.8	0.0	26.7	–	–	–	–
<b>Transfers and subsidies</b>	<b>1.0</b>	<b>1.2</b>	<b>2.7</b>	<b>1.1</b>	<b>1.3</b>	<b>1.3</b>	<b>1.4</b>
Provinces and municipalities	0.5	0.5	0.5	–	–	–	–
Departmental agencies and accounts	–	0.0	–	–	–	–	–
Households	0.5	0.7	2.3	1.1	1.3	1.3	1.4
<b>Payments for capital assets</b>	<b>282.4</b>	<b>220.2</b>	<b>77.8</b>	<b>44.9</b>	<b>52.0</b>	<b>52.6</b>	<b>53.7</b>
Buildings and other fixed structures	72.4	45.9	–	–	–	–	–
Machinery and equipment	154.0	165.4	42.0	44.9	52.0	52.6	53.7
Software and other intangible assets	56.1	8.8	35.8	–	–	–	–
<b>Total</b>	<b>727.3</b>	<b>738.3</b>	<b>950.9</b>	<b>1 266.9</b>	<b>1 087.1</b>	<b>1 203.0</b>	<b>1 454.0</b>

## Expenditure trends

Expenditure increased from R727.3 million in 2005/06 to R1.3 billion in 2008/09, at an average annual rate of 20.3 per cent, for improvements in the department's offices and information services. The substantial increases in 2007/08 and 2008/09 were mainly for the repair and maintenance of offices and expanded capacity in support services. The decrease of 14.2 per cent in 2009/10 due to the reallocation of funds for the turnaround project to the *Services to Citizens* and *Immigration Services* programmes which were under the *Management* subprogramme.

Over the MTEF period, spending is estimated to increase at an average annual rate of 4.7 per cent. The budget reaches R1.5 billion in 2011/12 mainly to provide for increased capacity in support services and transformation initiatives. Expenditure in the *Transversal IT Projects* subprogramme increases at an average annual rate of 58.2 per cent over the MTEF period. This growth is due to additional allocations (R120 million in 2010/11 and

R250 million in 2011/12) for implementing the new organisational structure, undertaking repairs and maintenance, and implementing Who Am I Online, the integrated IT system. The average annual increase of 45.1 per cent in goods and services between 2005/06 and 2008/09 was due to the reclassification of expenditure for repair and maintenance programme projects from payments for capital assets.

## Programme 2: Services to Citizens

- *Management.*
- *Status Services* regulates all matters relating to the national population register. These include: maintaining an accurate register of all citizens and immigrants who have acquired the right to permanent residence; registering births, deaths and marriages; providing travel and citizenship documents; providing financial assistance to citizens abroad by paying for their visas and air travel costs if they wish to return to South Africa and have no means of doing so; and determining and granting citizenship. Funding is mainly used to cover the costs of issuing identity documents for first time applicants. Second time applicants pay for these services.
- *Identification* oversees issues relating to identity, such as fingerprints, photographs and identity documents. Once personal details are recorded in the national population register, identity documents are issued. The subprogramme is responsible for storing fingerprints in the central database of the automated fingerprint identification system and its overall administration. Funding is mainly used for salaries and other personnel related costs.
- *Hanis* includes projects designed to develop, establish and maintain national identity systems. The subprogramme is responsible for the overall maintenance of the existing systems and ensuring that they are rehabilitated when the technology becomes obsolete. Funding is mainly used for monthly maintenance costs.
- *Customer Service Centre* is a multichannel service through which external and internal customer enquiries are resolved. Funding is used to employ 102 agents and 22 agents in the back office. The number of agents will be increased in line with the high demand for the services provided by the customer service centre.
- *Provincial Civic Services* provides for civic services in the provinces and the necessary support functions. Customers submit their applications for identity documents and other enabling documents at provincial offices, which are then routed to head office for final processing. Funding is mainly used for salaries and other personnel related costs.

## Objectives and measures

- Improve the provision of specified services and products to eligible citizens and residents by reducing the time taken to issue valid documents as indicated below:
  - unabridged birth, marriage and death certificates: from 180 to 240 days in 2007/08 to 5 days in 2011/12
  - passports and travel documents: from 10 days in 2008/09 to 5 days in 2011/12
  - first issue of an identity document: from 60 days in 2008/09 to 30 days in 2011/12
  - second issue of an identity document: from 56 days in 2008/09 to 20 days in 2011/12
  - temporary identity documents: from 7 days in 2008/09 to 1 day by the end of 2008/09.
- Expand the capacity of the customer service centre to increase the number of calls managed from approximately 508 073 calls in 2009/10 to 535 500 in 2011/12, with 90 per cent of calls answered in 20 seconds (currently 60 seconds).
- Increase the number of service points from 684 in 2009/10 to 677 in 2011/12 by closing those down service points at hospitals with lower birth registrations and relocating these to Thusong service centres.

## Service delivery and spending focus

Online fingerprint verification was piloted in 2007, and 215 offices are now equipped to perform this function, including the 40 highest volume offices. The equipment allows for the immediate checking of fingerprints for customers whose fingerprints are already on the Department of Home Affairs' system. Temporary identification



certificates are issued immediately at all the equipped offices. Online fingerprint verification also resulted in the processing of over 2 500 applications a day in 2008, compared with 1 000 in 2007.

The average turnaround time for most of the department's key documents has improved. In the first half of 2008/09, identity documents were issued in 60 days, compared to about 180 days in 2007. Temporary identity documents were issued on the same day in 2008, compared to 7 days in 2007. Passports were issued in 27 working days in 2008, compared to 41 days in 2007.

The entire identity document production process has been transformed. All bottlenecks have been addressed and a single courier now manages all identity document collections and deliveries. This has had a significant impact on the turnaround times.

Over 100 professionally trained call centre agents manage approximately 100 000 monthly contacts via phone, fax and email in the new state-of-the-art customer service centre. This means that more than 1 million queries per year are resolved without customers having to queue at Department of Home Affairs' offices. 90 per cent of all calls are answered in 20 seconds and solved during the first call. The department has also increased the staff complement in the office for second line queries from 15 in 2007 to 22 in 2008. In 2008, the department received an award for the best public procurement project (for the service centre) from the Institute of Purchasing and Supply.

Over the MTEF period, spending will focus mainly on the issuing of the smart identity card. A pilot of 50 000 cards will be implemented during the first quarter of 2009/10.

## Expenditure estimates

**Table 4.5 Services to Citizens**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	3.9	5.9	6.9	59.2	31.3	78.2	29.0
Status Services	67.8	67.0	84.2	119.5	188.1	206.7	112.2
Population Register	23.1	26.3	32.2	40.1	44.3	51.4	54.8
Travel Documents and Citizenship	41.5	40.7	47.5	47.8	48.1	51.3	48.8
National Population Register Optimisation	–	–	–	–	13.3	9.5	8.6
Passport System	3.2	–	4.5	31.7	82.4	94.4	–
Identification	94.6	94.5	99.0	110.7	115.6	125.1	133.5
Hanis	483.5	276.9	221.7	255.7	227.9	130.8	139.4
Identification Infrastructure	257.2	118.0	71.6	57.5	60.1	60.1	64.1
Hanis Disaster Recovery System	–	112.6	24.2	24.6	25.7	25.7	27.3
Hanis Techno Refresh	–	–	118.6	59.4	37.7	45.0	48.0
Back Record Conversion	226.3	46.3	–	–	–	–	–
Smart ID Card	–	–	7.3	114.2	104.4	–	–
Customer Service Centre	2.5	2.6	7.4	70.0	106.7	110.3	176.9
Provincial Civic Services	363.7	426.7	492.2	610.6	667.3	752.2	807.5
KwaZulu-Natal	45.5	49.2	57.3	78.9	88.6	104.6	111.5
Mpumalanga	27.5	33.4	39.1	51.0	34.8	53.8	62.5
Free State	21.6	30.1	36.1	40.1	50.5	55.6	59.3
Northern Cape	10.4	15.1	21.1	26.9	31.4	38.3	40.9
North West	40.2	45.9	52.5	61.4	71.3	77.2	82.4
Eastern Cape	50.7	63.6	73.7	83.6	91.7	99.1	105.8
Western Cape	32.4	38.8	44.1	58.1	69.6	76.3	81.3
Gauteng	81.6	95.0	110.8	138.8	146.0	157.5	168.1
Limpopo	53.7	55.6	57.6	71.9	83.4	89.8	95.8
<b>Total</b>	<b>1 016.0</b>	<b>873.7</b>	<b>911.3</b>	<b>1 225.8</b>	<b>1 336.9</b>	<b>1 403.3</b>	<b>1 398.5</b>
Change to 2008 Budget estimate				43.1	(127.6)	196.2	116.7

Table 4.5 Services to Citizens (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>742.3</b>	<b>700.8</b>	<b>765.8</b>	<b>1 108.7</b>	<b>1 189.4</b>	<b>1 368.5</b>	<b>1 395.0</b>
Compensation of employees	374.7	412.4	476.6	646.5	723.1	829.9	943.5
Goods and services	367.2	287.7	289.2	462.2	466.3	538.6	451.6
of which:							
Administrative fees	0.1	0.4	0.5	–	–	–	–
Advertising	0.7	4.4	7.7	5.3	4.0	4.0	3.7
Assets less than R5 000	5.5	3.9	–	89.1	94.1	96.5	104.2
Catering: Departmental activities	0.2	0.5	1.4	2.5	1.4	1.4	1.6
Communication	19.2	26.1	30.3	39.9	23.3	23.3	25.4
Computer services	223.2	112.8	32.1	51.0	58.3	60.0	64.7
Consultants and professional services: Business and advisory service	–	–	–	23.7	86.4	101.7	85.0
Contractors	2.6	2.0	55.7	55.2	32.6	32.5	35.4
Agency and support / outsourced services	14.4	15.9	26.2	45.5	26.0	25.9	28.4
Inventory: Other consumables	0.6	1.3	1.4	3.2	1.8	1.8	2.0
Inventory: Stationery and printing	57.0	58.8	66.1	82.4	91.8	141.2	51.4
Lease payments	–	–	0.0	0.0	3.0	3.0	3.0
Owned and leasehold property expenditure	0.1	0.1	0.1	5.9	3.4	3.3	3.7
Travel and subsistence	41.7	59.7	63.7	50.0	35.3	38.1	37.9
Training and development	–	–	–	1.1	0.6	1.6	0.7
Operating expenditure	1.4	1.4	2.6	5.3	3.0	3.0	3.3
Venues and facilities	0.4	0.4	1.3	1.8	1.0	1.0	1.1
Financial transactions in assets and liabilities	0.4	0.8	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>2.8</b>	<b>2.4</b>	<b>4.8</b>	<b>2.8</b>	<b>3.1</b>	<b>3.3</b>	<b>3.5</b>
Provinces and municipalities	1.1	0.3	–	–	–	–	–
Households	1.7	2.1	4.8	2.8	3.1	3.3	3.5
<b>Payments for capital assets</b>	<b>270.9</b>	<b>170.5</b>	<b>140.6</b>	<b>114.2</b>	<b>144.4</b>	<b>31.5</b>	<b>–</b>
Buildings and other fixed structures	0.2	–	–	–	–	–	–
Machinery and equipment	190.3	60.9	134.9	–	40.0	31.5	–
Software and other intangible assets	80.4	109.6	5.7	114.2	104.4	–	–
<b>Total</b>	<b>1 016.0</b>	<b>873.7</b>	<b>911.3</b>	<b>1 225.8</b>	<b>1 336.9</b>	<b>1 403.3</b>	<b>1 398.5</b>
<b>Details of selected transfers and subsidies</b>							
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>1.7</b>	<b>2.1</b>	<b>4.8</b>	<b>2.8</b>	<b>3.1</b>	<b>3.3</b>	<b>3.5</b>
Leave gratuity	1.7	2.1	4.8	2.8	3.1	3.3	3.5

## Expenditure trends

Expenditure increased from R1 billion in 2005/06 to R1.2 billion in 2008/09 at an average annual rate of 6.5 per cent. Expenditure trends were volatile over this period. The high expenditure in 2005/06 was mainly due to the acquisition of the automated fingerprint identification system and the development of a new population register.

Over the MTEF period, expenditure is estimated to increase at an average annual rate of 4.5 per cent. The *Provincial Civic Services* subprogramme accounts for a significant portion of overall spending. Spending increases steadily from R610.6 million in 2008/09 to R807.5 million in 2011/12 to fund service delivery improvements at frontline offices. The increase of 203.8 per cent between 2005/06 and 2008/09 in the *Customer Service Centre* subprogramme was due to the outsourcing of the centre to a private party (Call Centre Nucleus).



The increase of 36.2 per cent over the MTEF period in this subprogramme is for the increase in call centre agents from 349 in 2010/11 to 650 in 2011/12, and due to the additional allocations of R58.7 million, R99.7 million and R103.652 million.

## Programme 3: Immigration Services

- *Management.*
- *Admissions* controls visas, the admission of travellers at ports of entry, the processing of applications for permanent and temporary residence permits, as well as work, study and other temporary permits. Funding is mainly used for salaries and other personnel related costs.
- *Immigration Control* deals with immigration matters in foreign countries, detects, detains and deportes illegal immigrants in terms of the Immigration Act (2002), and provides policy directives on immigration matters. The subprogramme is responsible for: developing the strategy for deporting illegal immigrants; the operational management of services at the Lindela holding facility, which includes accommodation, catering, security and medical services for offenders; and liaising with embassies about the deportation of illegal immigrants. Funding is mainly used for salaries, operational costs for the holding facility, and transportation costs for deportees.
- *Provincial Immigration Control* provides for the delivery of immigration services in the provinces and the necessary support functions. Funding is distributed based on the number of employees at each province.
- *Refugee Affairs* considers and processes refugee asylum cases in line with the Refugees Act (1998). The subprogramme is responsible for processing and issuing section 22 asylum permits, referring appeals to the standing committee on refugee affairs for adjudication, and handing over unsuccessful applicants to immigration control for deportation. There are five refugee reception offices: Pretoria (Marabastad), Johannesburg (Crown Mines), Durban, Cape Town and Port Elizabeth. Funding is mainly used for salaries and office equipment.
- *Foreign Missions* delivers core immigration functions in foreign countries. The subprogramme acts as a portal for communication and information, communicates policies and procedures determined by civic services, and manages enquiries from foreign offices. Funding is mainly used for salaries in foreign missions and office and other equipment.

## Objectives and measures

- Control and facilitate the immigration of various categories of foreigners into and out of the country, and specifically reduce the time taken on the following:
  - issuing of visas: from 10 days in 2007/08 to 3 days by the end of 2010/11
  - issuing of section 22 asylum permits: from 5 days in 2007/08 to same day issue by the end of 2010/11
  - issuing of refugee status determinations: from 12 months in 2007/08 to 1 month by the end of 2010/11
  - issuing of temporary residence permits: from 24 weeks in 2007/08 to 4 weeks by the end of 2010/11
  - issuing of permanent residence permits: from 18 months in 2007/08 to 4 months in 2010/11
  - issuing of refugee identity documents: from 6 months in 2007/08 to 3 months by the end of 2008/09.
- Control and facilitate the immigration of various categories of foreigners into and out of the country:
  - by reducing the number of days taken to:
    - adjudicate an appeal and finalise the case by the standing committee for refugees affairs: from 3 months in 2007/08 to within 1 month of the decision by refugee status determination officers by the end of 2010/11
    - adjudicate an appeal to the standing committee for refugee affairs: from 2 months in 2007/08 to within 10 days of the Refugee Appeal Board decision by the end of 2009/10
    - issue a refugee identity document: from 6 months in 2007/08 to 3 months by the end of 2009/10.
  - increasing the percentage of detainees at the Lindela detention centre deported to their countries within 30 days of arrest and 90 days from the issue of a court warrant from 90 per cent to 95 per cent by 2009/10, through more effective management of Lindela and increasing deportations directly from provinces

- maintaining clearance times of 1.5 to 2 minutes per traveller for the movement of South African and foreign travellers through land and air border posts by increasing the number of immigration officers at ports of entry.
- Improve the asylum management process for political refugees by:
  - establishing fully functional refugee centres of excellence in Johannesburg, Cape Town and Durban in 2009/10, and Port Elizabeth, Marabastad and Musina in 2010/11
  - eliminating the processing backlog of 68 585 asylum applications by the end of the 2008/09.

### **Service delivery and spending focus**

The Department of Home Affairs improved the average turnaround time for several key documents during 2008/09.

Section 22 permits were issued on the same day compared to 3 days in 2007. At Crown Mines, Marabastad, Durban and Port Elizabeth, the department processed more than 300 same day permits compared to 50 in 2006/07. Refugee adjudications were processed and finalised on the same day, compared with a month in 2007/08. Temporary residence permits were issued in 2 weeks in 2008/09 compared with 12 weeks in 2007/08. Permanent residence permits were issued in 15 months compared with 18 months in 2007/08.

The asylum process was improved, doubling output at Marabastad and Crown Mines in the first half of 2008/09.

To improve processes and increase productivity, the Department of Home Affairs launched operations management interventions at asylum centres from the beginning of 2008/09. Significant improvements have been recorded and output doubled within two months of the intervention.

All 5 of the permanent refugee reception centres were equipped with the refugee and deportation system in August 2008. 180 additional staff members were appointed to deal with the increasing volume of applications. In addition, 5 new centre managers were appointed and 31 other managers completed training.

In 2007, the department launched a large account pilot project with 4 corporate clients. Phase 2 of the large account unit was implemented, and 23 additional companies were selected during the first 6 months of 2008/09. The large account unit provides customised solutions for big companies needing to import large numbers of skilled workers from other countries.

Key to the turnaround plan is the improvement of the front office experience by customers. A detailed plan to refurbish all Department of Home Affairs offices is in place. As part of a pilot project, 9 offices were completed by the end of December 2008, and the remaining 6 will be completed by the end of March 2009.

Over the MTEF period, spending will mainly focus on the transformation and control of border posts through the implementation of the integrated border control strategy, with the South African Revenue Service as the lead department of the border control coordinating committee.

## Expenditure estimates

Table 4.6 Immigration Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	19.6	41.1	38.9	99.4	62.1	85.9	85.0
Admissions	10.0	27.6	20.6	184.0	335.4	481.3	80.2
Permits	8.2	12.8	9.3	11.7	15.0	17.6	18.9
Port Control	1.9	12.6	9.0	4.0	4.9	4.9	7.2
National Border Priorities	–	2.3	2.2	3.4	1.7	1.8	1.9
2010 Project Management	–	–	0.1	64.9	171.3	124.5	4.8
2010 Readiness (WAIO)	–	–	–	100.0	142.5	332.5	47.5
Immigration Control	165.9	168.6	196.8	218.2	222.7	232.3	247.6
Law Enforcement	0.3	3.1	6.3	9.2	7.7	13.4	14.2
Movement Control System	10.6	–	–	–	–	–	–
Deportation	23.1	9.7	5.7	15.2	16.0	17.0	18.1
Lindela Holding Facility	131.9	155.8	184.7	193.8	199.0	202.0	215.2
Provincial Immigration Control	229.0	255.2	329.2	418.5	458.7	508.3	581.7
KwaZulu-Natal	23.5	25.0	30.7	41.1	45.8	53.1	61.5
Mpumalanga	29.1	30.3	41.2	49.8	46.2	56.2	76.2
Free State	21.2	25.0	33.2	39.0	43.9	47.4	59.0
Northern Cape	9.0	12.4	16.8	22.5	22.6	26.2	30.6
North West	26.0	30.0	37.6	48.8	51.6	55.7	59.7
Eastern Cape	21.7	27.4	32.1	37.8	40.4	43.6	47.4
Western Cape	18.3	20.7	27.3	33.2	45.5	50.2	54.9
Gauteng	48.6	52.5	72.6	96.7	110.3	119.8	129.9
Limpopo	31.4	31.8	37.7	49.6	52.3	56.0	62.6
Refugee Affairs	27.9	47.0	47.4	69.8	99.1	88.3	94.4
Refugee Affairs	16.5	31.1	30.9	16.7	30.5	14.6	15.6
Refugee Reception Offices	5.7	9.0	10.2	42.3	59.3	63.8	68.3
Boards and Committees	5.7	7.0	6.2	10.8	9.2	9.8	10.5
Foreign Missions	12.3	32.2	132.2	123.6	149.5	161.6	171.8
<b>Total</b>	<b>464.6</b>	<b>571.7</b>	<b>764.9</b>	<b>1 113.6</b>	<b>1 327.4</b>	<b>1 557.7</b>	<b>1 260.7</b>
Change to 2008 Budget estimate				97.4	188.7	188.7	128.6

## Economic classification

Current payments	437.5	563.4	759.5	1 113.3	1 325.2	1 557.5	1 260.4
Compensation of employees	228.9	292.6	451.5	577.4	664.7	743.8	844.1
Goods and services	208.4	261.5	308.0	536.0	660.5	813.6	416.3
of which:							
Administrative fees	0.3	0.8	1.6	1.2	0.1	0.1	0.1
Advertising	0.2	0.0	0.0	0.7	0.5	0.4	0.5
Assets less than R5 000	10.2	3.8	4.6	142.3	182.0	300.6	125.6
Catering: Departmental activities	–	0.4	0.8	2.6	2.8	2.4	1.8
Communication	9.2	14.0	23.6	15.4	8.3	7.8	8.7
Computer services	1.0	0.0	0.1	31.3	61.5	131.5	36.3
Consultants and professional services: Business and advisory service	–	0.0	–	29.0	204.1	176.4	35.9
Agency and support / outsourced services	86.9	98.2	108.6	101.3	63.5	59.9	68.6
Entertainment	0.2	0.1	0.1	0.7	0.1	0.1	0.1
Inventory: Other consumables	1.3	0.8	0.9	1.9	1.2	1.1	1.3
Inventory: Stationery and printing	4.5	8.9	12.1	14.7	8.5	8.4	9.1
Lease payments	0.1	–	0.0	1.0	1.3	0.6	0.7
Owned and leasehold property expenditure	0.1	0.2	0.1	2.4	1.5	1.4	1.7
Transport provided: Departmental activities	6.0	–	–	80.2	50.7	47.8	54.7
Travel and subsistence	83.9	122.1	145.0	82.7	52.6	50.6	51.5
Training and development	–	–	–	2.7	4.4	7.9	2.7
Operating expenditure	1.5	10.2	8.8	21.7	13.3	12.6	14.4
Venues and facilities	2.6	1.6	1.0	3.7	3.8	3.7	2.6
Financial transactions in assets and liabilities	0.2	9.2	–	–	–	–	–

Table 4.6 Immigration Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>1.9</b>	<b>1.5</b>	<b>3.6</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
Provinces and municipalities	0.7	0.2	–	–	–	–	–
Households	1.2	1.3	3.6	0.2	0.3	0.3	0.3
<b>Payments for capital assets</b>	<b>25.2</b>	<b>6.8</b>	<b>1.8</b>	<b>–</b>	<b>2.0</b>	<b>–</b>	<b>–</b>
Machinery and equipment	20.0	6.8	1.8	–	2.0	–	–
Software and other intangible assets	5.2	–	–	–	–	–	–
<b>Total</b>	<b>464.6</b>	<b>571.7</b>	<b>764.9</b>	<b>1 113.6</b>	<b>1 327.4</b>	<b>1 557.7</b>	<b>1 260.7</b>

## Expenditure trends

Expenditure increased from R464.6 million in 2005/06 to R1.1 billion in 2008/09 at an average annual rate of 33.8 per cent, mainly for higher costs for detaining and deporting illegal immigrants, and for preparations for the 2010 FIFA World Cup. The *Foreign Missions* subprogramme has been moved from the *Administration* programme to this programme. The significant increase of 310.4 per cent between 2006/07 and 2007/08 in the *Foreign Missions* subprogramme was for services provided at foreign missions on behalf of the Department Foreign Affairs.

Over the MTEF period, expenditure is estimated to increase (although not evenly) at an average annual rate of 4.2 per cent, rising to R1.6 billion in 2010/11 and declining to R1.3 billion in 2011/12, to provide for 2010 FIFA World Cup preparations, organisational implementation, and the expansion of provincial services by increasing the number of district offices. The significant decline in the budget in 2011/12 is because the advanced passenger information and advanced passenger profiling systems have been concluded and only need maintenance.

## Programme 4: Transfers to Agencies

Through its three subprogrammes, this programme makes transfers to the Film and Publication Board, the Government Printing Works and the Electoral Commission.

## Expenditure estimates

Table 4.7 Transfers to Agencies

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Film and Publication Board	19.8	12.9	19.2	33.5	39.0	54.2	60.7
Government Printing Works	0.2	0.2	110.2	137.4	331.2	93.0	123.3
Electoral Commission	944.3	350.0	485.3	1 039.4	929.0	1 269.6	709.8
<b>Total</b>	<b>964.2</b>	<b>363.1</b>	<b>614.7</b>	<b>1 210.3</b>	<b>1 299.1</b>	<b>1 416.8</b>	<b>893.8</b>
Change to 2008 Budget estimate				82.4	321.6	97.2	88.3

### Economic classification

<b>Transfers and subsidies</b>	<b>964.2</b>	<b>363.1</b>	<b>614.7</b>	<b>1 210.3</b>	<b>1 299.1</b>	<b>1 416.8</b>	<b>893.8</b>
Departmental agencies and accounts	964.2	363.1	614.7	1 210.3	1 299.1	1 416.8	893.8
<b>Total</b>	<b>964.2</b>	<b>363.1</b>	<b>614.7</b>	<b>1 210.3</b>	<b>1 299.1</b>	<b>1 416.8</b>	<b>893.8</b>

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>964.2</b>	<b>363.1</b>	<b>614.7</b>	<b>1 210.3</b>	<b>1 299.1</b>	<b>1 416.8</b>	<b>893.8</b>
Film and Publication Board	19.8	12.9	19.2	33.5	39.0	54.2	60.7
Government Printing Works	0.2	0.2	110.2	137.4	331.2	93.0	123.3
Electoral Commission	944.3	350.0	485.3	1 039.4	929.0	1 269.6	709.8

## Expenditure trends

Most of the expenditure in the *Transfers to Agencies* programme relates to the transfers made to the Electoral Commission. Large movements in the allocations are because the Electoral Commission's budget is driven by the electoral cycle. The increase in 2005/06 was mainly for the 2006 local government elections. The increases of 69.3 per cent in 2007/08 and 96.9 per cent in 2008/09 provided for upward adjusted transfers to the Government Printing Works for a new passport system and preparations for the 2009 national elections. The increases for the Film and Publication Board over the MTEF period will accommodate the expansion of compliance monitoring and classification activities.

## Public entities and other agencies

### Government Printing Works

#### Strategic overview: 2005/06 – 2011/12

The Government Printing Works provides security printing services to the South African government and governments in the Southern African Development Community (SADC). The Government Printing Works was initially established as a trading account in the Department of Home Affairs, but in September 2008 a panel approved the conversion to a government component in terms of the Public Service Act (2007).

The Government Printing Works aims to position itself as the security printer of choice in Africa. Its four key strategic thrusts are:

- **Corporatisation/conversion:** The Government Printing Works is reviewing its services with a view to enabling its conversion to a government component. The conversion will allow the entity to focus on being a specialist security printer for the state and will require a new business model.
- **Technological upgrade:** The Government Printing Works has not recapitalised its machinery and equipment in the last 40 years. Advances in technology in the printing industry over the past decade have made it necessary to consider significant recapitalisation to become competitive and provide high standard printing.
- **New production facility:** A high security environment is critical to the Government Printing Works. Currently accommodated in two separate buildings, the entity aims to acquire more secure and suitable accommodation over the medium term.
- **Effective marketing and alignment:** The Government Printing Works needs an aggressive marketing and sales strategy for it to become competitive in the printing industry.

#### Selected performance and operations indicators

Table 4.8 Government Printing Works

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of editions of national and provincial gazettes published each year	2 245	2 300	2 064	2 520	2 772	2 857	2 943
Number of new passports printed	1 013 724	1 041 478	1 140 978	1 298 394	1 363 318	1 431 479	1 503 053
Number of new identity documents printed	2 255 225	2 080 114	2 345 146	2 579 660	2 708 643	2 844 075	2 986 278
Number of new birth certificates printed	9 million	8 million	2 million	– <sup>1</sup>	–	–	–
Number of new marriage certificates printed	4.8 million	4.5 million	4 million	–	–	–	–
Days to recover outstanding debt	280	260	230	210	160	120	90

1. From 2008/09, these indicators will not be reported by the Government Printing Works but by the Department of Home Affairs. This decision was a result of the department's turnaround strategy.

#### Service delivery and spending focus

A Proudly South African security paper product was developed by two South African paper mills in 2008, which is compliant with International Civil Aviation Organisation requirements. In 2008, a specimen was endorsed by the government security cluster, and the product will be used from April 2009.

Over the MTEF period, spending will focus on accelerating the recapitalisation programme, which aims at replacing obsolete machinery and equipment with the latest technology. The recapitalisation started in 2007

with the procurement of the new passport machine. It was delivered in August 2008, and production of the new passport will start at the end of January 2009.

## Expenditure estimates

**Table 4.9 Government Printing Works: Activity information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Printing of provincial and government gazettes	405.3	482.2	565.8	533.2	605.2	632.9	658.2
<b>Total expense</b>	<b>405.3</b>	<b>482.2</b>	<b>565.8</b>	<b>533.2</b>	<b>605.2</b>	<b>632.9</b>	<b>658.2</b>

**Table 4.10 Government Printing Works: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>466.2</b>	<b>482.5</b>	<b>470.0</b>	<b>521.7</b>	<b>605.6</b>	<b>658.5</b>	<b>717.2</b>
Sale of goods and services other than capital assets	464.1	475.7	455.9	518.1	521.2	559.5	603.1
<i>of which:</i>							
Printing and publications	464.1	475.7	455.9	518.1	521.2	559.5	603.1
Other non-tax revenue	2.2	6.8	14.1	3.6	84.3	99.0	114.1
<b>Transfers received</b>	<b>0.2</b>	<b>0.2</b>	<b>110.2</b>	<b>137.4</b>	<b>331.2</b>	<b>93.0</b>	<b>123.3</b>
<b>Total revenue</b>	<b>466.4</b>	<b>482.7</b>	<b>580.2</b>	<b>659.1</b>	<b>936.7</b>	<b>751.5</b>	<b>840.5</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>405.3</b>	<b>482.2</b>	<b>565.8</b>	<b>533.2</b>	<b>605.2</b>	<b>632.9</b>	<b>658.2</b>
Compensation of employees	61.3	69.2	80.3	84.2	144.5	172.3	180.9
Goods and services	334.8	401.0	477.6	396.5	455.2	428.4	422.4
Depreciation	9.3	12.0	7.9	52.4	5.5	32.1	54.9
<b>Total expenses</b>	<b>405.3</b>	<b>482.2</b>	<b>565.8</b>	<b>533.2</b>	<b>605.2</b>	<b>632.9</b>	<b>658.2</b>
<b>Surplus / (Deficit)</b>	<b>61.1</b>	<b>0.4</b>	<b>14.4</b>	<b>126.0</b>	<b>331.5</b>	<b>118.6</b>	<b>182.2</b>
<b>Statement of financial position</b>							
Carrying value of assets	35.7	25.5	50.5	420.2	726.2	739.5	694.6
<i>of which: Acquisition of assets</i>	2.6	1.8	33.0	422.1	311.5	45.4	10.0
Inventory	103.3	96.0	104.7	178.8	177.6	135.1	132.7
Receivables and prepayments	170.9	139.2	120.1	85.0	103.7	98.2	105.2
Cash and cash equivalents	118.2	167.0	276.8	71.7	27.0	95.6	204.8
<b>Total assets</b>	<b>428.2</b>	<b>427.7</b>	<b>552.1</b>	<b>755.6</b>	<b>1 034.5</b>	<b>1 068.3</b>	<b>1 137.3</b>
Accumulated surplus/deficit	346.1	342.5	352.6	683.4	961.4	985.4	1 057.7
Trade and other payables	74.2	83.3	197.6	62.4	68.5	66.1	76.4
Provisions	7.9	1.9	1.9	9.8	4.6	16.8	3.2
<b>Total equity and liabilities</b>	<b>428.2</b>	<b>427.7</b>	<b>552.1</b>	<b>755.6</b>	<b>1 034.5</b>	<b>1 068.3</b>	<b>1 137.3</b>

## Expenditure trends

Key revenue sources for the Government Printing Works include printing identity documents, forms, examination papers and passports. Before 2008/09, the Government Printing Works printed 2 million identity documents annually but due to the 2009 elections revenue is set to increase significantly. The printing of passports and examination papers is also expected to increase over the MTEF period.

The Department of Home Affairs transfers funds to the Government Printing Works only to service bank charges. Additional transfers of R110 million in 2007/08 and R130 million in 2008/09 are for the new passport machine. The transfers in 2009/10 and 2010/11 are for capacity and skills development and a new production facility.

As business grows over the MTEF period, there will be a proportional increase in sales, from R559.5 million in 2007/08 to a projected R616.6 million in 2010/11. Expenditure will increase from R501.9 million to



R614.8 million at an average annual rate of 7 per cent, with key cost drivers being raw materials, personnel expenditure, depreciation, and stores and warehousing.

## Electoral Commission

### Strategic overview: 2005/06-2011/12

The Electoral Commission is a constitutional institution reporting directly to Parliament. In line with its mandate, the commission manages the elections of national, provincial and municipal legislative bodies, ensures that those elections are free and fair, and declares the results within a period prescribed by national legislation.

The Electoral Commission was established in terms of the Electoral Commission Act (1996), which sets out the composition, powers, functions and duties of the commission, as well as the establishment, composition, powers, duties and functions of the electoral court. The act has been amended to remove the commission's responsibility for municipal demarcation, which is now in the mandate of the Municipal Demarcation Board. The amendments also change the provisions for commissioners' term of office and the registration of parties.

The legislation required by the Constitution to manage national and provincial elections is found in the Electoral Act (1998). There have been a number of amendment acts, one of which limited certain categories of prisoners from registering and voting in national and provincial elections. These provisions were subsequently declared unconstitutional, and the commission put in place facilities which allowed prisoners register and vote in the 2004 national elections.

The Local Government: Municipal Electoral Act (2000) regulates municipal elections, which allow for a hybrid of ward and proportional representation. There have been no amendments to this act.

The electoral legislation grants the commission the power to issue regulations, and between 1998 and 2008 the commission issued 21 sets of regulations or amended regulations under these acts.

The Electoral Commission's strategy focuses on promoting the commission as the focal point in the delivery of free and fair, cost effective elections. This is also an important enabler in the commission's interaction with other Chapter 9 and associated institutions, and other election management bodies. The other strategic focus is maintaining an optimal network of voting districts and voting stations, and an accurate, up to date national common voters' roll to ensure reasonable access by voters. The commission strives to constantly improve the quality and accuracy of the voters' roll and to increase the registration of eligible voters, particularly young people.

Following a 2007 review and concerns raised by both the portfolio committee and standing committee on public accounts, the commission strengthened its civic and democracy (voter) education structures and activities to better equip voters to vote and to encourage them to exercise their right and civic obligation to vote. The commission also has a schools programme that aims to introduce these elements into the school curriculum.

The Electoral Commission aims to improve elections by: implementing its revised organisational structure; replacing the IT infrastructure to provide a stable elections platform; replacing obsolete systems, including the portable barcode scanners for voter registration; and maintaining infrastructure and agencies for future elections.

The next national and provincial elections, scheduled for the first quarter of 2009, are one of the commission's key priorities over the MTEF period.

### Selected performance and operations indicators

**Table 4.11 Electoral Commission**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of registered voters in elections each year	21 million (January 2006)	20.1 million (March 2007)	20.3 million	22 million	21.5 million	22.5 million	22.5 million
Percentage of registered voters who cast their vote (baseline: 89% in 1999)	–	48%	–	65%	–	40%	–
Number of voter education interventions each year	–	231 118	–	254 000	246 170	253 555	261 161
Number of research projects on electoral systems each year	1	2	–	3	2	4	10

**Table 4.11 Electoral Commission (continued)**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of party liaison interventions each year	494	988	449	1 482	494	1 482	519
Number of voting stations each year	16 966	18 873	18 873	20 000	20 000	20 500	20 500
Number of mobile voting stations each year	–	82	–	41	–	–	–
Number of temporary voting stations each year	–	920	–	828	–	745	–
Number of schools as voting stations each year	–	11 688	–	11 868	–	12 048	–
Number of public information drives each year	5	4 163	6	4 579	5	5 037	50
Number of election officials trained each year	500	176 000	386	185 000	610	190 000	2 500
Number of staff training and development interventions each year	88	107	98	391	440	489	450

### Service delivery and spending focus

In 2007/08, the voters' roll was reduced by 335 911 registrations, mainly as a result of natural deaths and the removal of non-citizens. However, 96 268 new voters were registered, 12 300 re-registered in the same voting districts, and 26 944 re-registered in different voting districts. The number of registered voters at the end of 2007/08 was 20.3 million.

To improve access to voting stations, the commission reviewed the delimitation of voting districts. The exercise resulted in an increase of voting districts from 18 873 in 2006 to 19 713 by the end of December 2008, an overall increase of 840 new voting districts.

The first of the two national registration drives planned for the 2009 elections was held in November 2008. An additional 1.6 million voters were registered, which increased the number of verified voters on the voters' roll from 20.3 million in 2007/08 to 21.7 million.

Over the MTEF period, spending will focus on expanding civic and democracy (voter) education to attract more young people to register by extending activities to more secondary schools and universities.

### Expenditure estimates

**Table 4.12 The Electoral Commission: Objective information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Office of the CEO; Commission Services - Strat Object 1	4.6	139.3	8.9	5.6	8.5	5.9	5.7
Electoral Matters; Delim; Voters Roll - Strat Object 4	12.6	1.0	1.1	99.5	10.1	118.9	8.0
Electoral Matters; Voting; Counting; Party Liaison - Strat Object 5	158.5	1.7	5.0	17.7	180.3	140.2	8.6
Electoral Matters; Logistics; Infrastructure - Strat Object 6	303.9	50.9	50.5	383.7	150.8	322.0	65.5
Outreach; Civic Education; Research; Knowledge Man - Strat Object 7	40.0	8.2	13.1	78.7	44.5	95.3	48.4
Other objectives	406.9	256.8	301.5	694.5	555.8	606.9	591.6
<b>Total expense</b>	<b>926.5</b>	<b>458.0</b>	<b>380.1</b>	<b>1 279.7</b>	<b>950.0</b>	<b>1 289.1</b>	<b>727.8</b>

**Table 4.13 The Electoral Commission: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>23.3</b>	<b>18.0</b>	<b>27.5</b>	<b>22.5</b>	<b>20.5</b>	<b>19.0</b>	<b>17.5</b>
Sale of goods and services other than capital assets	0.1	0.0	0.0	0.0	0.0	0.0	0.0
of which:							
Admin fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales by market establishments	0.1	–	–	–	–	–	–
Other non-tax revenue	23.2	18.0	27.5	22.5	20.5	19.0	17.5
<b>Transfers received</b>	<b>944.3</b>	<b>477.4</b>	<b>486.9</b>	<b>1 257.2</b>	<b>929.5</b>	<b>1 270.1</b>	<b>710.3</b>
<b>Total revenue</b>	<b>967.6</b>	<b>495.4</b>	<b>514.4</b>	<b>1 279.7</b>	<b>950.0</b>	<b>1 289.1</b>	<b>727.8</b>



**Table 4.13 The Electoral Commission: Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Expenses</b>							
<b>Current expense</b>	<b>924.2</b>	<b>457.3</b>	<b>379.8</b>	<b>1 278.0</b>	<b>948.2</b>	<b>1 286.9</b>	<b>726.1</b>
Compensation of employees	237.8	139.4	159.0	309.5	341.4	413.4	322.5
Goods and services	662.5	296.2	202.5	921.2	562.9	826.9	360.0
Depreciation	23.8	21.6	18.3	47.2	43.9	46.6	43.7
Interest, dividends and rent on land	0.0	—	—	—	—	—	—
<b>Transfers and subsidies</b>	<b>2.3</b>	<b>0.7</b>	<b>0.4</b>	<b>1.7</b>	<b>1.8</b>	<b>2.2</b>	<b>1.6</b>
<b>Total expenses</b>	<b>926.5</b>	<b>458.0</b>	<b>380.1</b>	<b>1 279.7</b>	<b>950.0</b>	<b>1 289.1</b>	<b>727.8</b>
<b>Surplus / (Deficit)</b>	<b>41.1</b>	<b>37.5</b>	<b>134.3</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Statement of financial position</b>							
Carrying value of assets	77.8	67.6	98.4	277.1	244.9	238.4	206.9
of which: Acquisition of assets	9.5	11.8	50.5	226.0	11.7	40.1	12.2
Inventory	0.9	0.8	1.3	2.0	1.5	1.8	2.0
Receivables and prepayments	9.9	17.0	12.4	8.1	10.0	6.0	7.0
Cash and cash equivalents	215.0	174.4	290.6	153.6	91.2	128.9	71.4
<b>Total assets</b>	<b>303.6</b>	<b>259.7</b>	<b>402.7</b>	<b>440.8</b>	<b>347.5</b>	<b>375.0</b>	<b>287.3</b>
Accumulated surplus/deficit	159.3	196.7	331.0	393.0	289.5	308.8	217.8
Borrowings	1.3	0.9	0.5	0.8	0.8	1.0	0.8
Trade and other payables	118.8	47.6	59.1	43.9	50.9	56.9	59.9
Provisions	10.1	2.9	2.7	3.1	6.3	8.3	8.8
Managed funds	14.2	11.6	9.4	—	—	—	—
<b>Total equity and liabilities</b>	<b>303.6</b>	<b>259.7</b>	<b>402.7</b>	<b>440.8</b>	<b>347.5</b>	<b>375.0</b>	<b>287.3</b>

### Expenditure trends

The Electoral Commission is funded mainly by a transfer from the Department of Home Affairs. In 2005/06 and 2006/07, funding of R2.7 million and R127.4 million was received from the African Renaissance Fund for supporting elections in the Democratic Republic of the Congo.

Following a court ruling in 2007/08, the commission's staff complement increased to include contract electoral project coordinators as permanent employees. This resulted in a significant increase in staff costs. A major cost driver in 2008/09 was the replacement of the fleet of portable barcode scanners for voter registration. In the adjusted Budget, R53.3 million was allocated to the commission for results slip scanners.

Expenditure is mainly influenced by the electoral cycle, peaking during preparations for an election and then decreasing to fund regular activities in non-election cycles. Over the MTEF period, the commission will be managing the national and provincial elections in 2009 and the local government elections in early 2011.

New allocations over the MTEF period are: R4.8 million in 2009/10 and R7.8 million in 2010/11 for translucent ballot boxes; R20.2 million in 2009/10, R20.2 million in 2010/11 and R30.2 million in 2011/12 for civic and democracy education (voter education); and R25 million in 2010/11 for upgrading the portable barcode scanners with smartcard technology.

## Additional tables

**Table 4.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	1 046.4	1 223.4	950.9	1 178.3	88.7	1 266.9	1 235.9
2. Services to Citizens	1 110.2	1 682.9	911.3	1 182.6	43.1	1 225.8	1 111.5
3. Immigration Services	653.3	614.7	764.9	1 016.2	97.4	1 113.6	1 113.6
4. Transfers to Agencies	504.7	–	614.7	1 127.9	82.4	1 210.3	1 210.3
<b>Total</b>	<b>3 314.6</b>	<b>3 520.9</b>	<b>3 241.7</b>	<b>4 505.0</b>	<b>311.6</b>	<b>4 816.6</b>	<b>4 671.4</b>

### Economic classification

<b>Current payments</b>	<b>2 079.2</b>	<b>2 592.5</b>	<b>2 395.6</b>	<b>3 124.7</b>	<b>318.2</b>	<b>3 442.9</b>	<b>3 411.9</b>
Compensation of employees	1 209.9	1 133.9	1 087.0	1 431.6	7.8	1 439.5	1 439.5
Goods and services	869.4	1 458.7	1 282.0	1 693.1	310.4	2 003.5	1 972.5
Financial transactions in assets and liabilities	–	–	26.7	–	–	–	–
<b>Transfers and subsidies</b>	<b>508.5</b>	<b>618.5</b>	<b>625.8</b>	<b>1 132.1</b>	<b>82.4</b>	<b>1 214.5</b>	<b>1 214.5</b>
Provinces and municipalities	–	–	0.5	–	–	–	–
Departmental agencies and accounts	504.7	614.7	614.7	1 127.9	82.4	1 210.3	1 210.3
Households	3.9	3.9	10.7	4.2	–	4.2	4.2
<b>Payments for capital assets</b>	<b>726.8</b>	<b>309.8</b>	<b>220.3</b>	<b>248.2</b>	<b>(89.0)</b>	<b>159.2</b>	<b>44.9</b>
Buildings and other fixed structures	53.5	112.5	–	68.0	(68.0)	–	–
Machinery and equipment	180.8	104.4	178.7	44.9	–	44.9	44.9
Software and intangible assets	492.5	92.9	41.6	135.3	(21.0)	114.2	–
<b>Total</b>	<b>3 314.6</b>	<b>3 520.9</b>	<b>3 241.7</b>	<b>4 505.0</b>	<b>311.6</b>	<b>4 816.6</b>	<b>4 671.4</b>

**Table 4.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	701.5	813.1	1 048.2	1 343.0	1 510.8	1 745.6	1 971.8
Unit cost (R million)	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Personnel numbers (head count)	6 614	6 993	7 100	7 961	8 126	8 653	9 304
<b>Part time and temporary contract employees</b>							
Compensation (R million)	9.1	18.8	26.4	86.4	90.6	96.9	102.8
Unit cost (R million)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Personnel numbers (head count)	102	195	279	933	933	933	933
<b>Interns</b>							
Compensation of interns (R million)	7.4	12.8	12.4	10.1	7.2	10.8	10.8
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	245	459	410	280	200	300	300
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>717.9</b>	<b>844.7</b>	<b>1 087.0</b>	<b>1 439.5</b>	<b>1 608.6</b>	<b>1 853.3</b>	<b>2 085.4</b>
<b>Unit cost (R million)</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Personnel numbers (head count)</b>	<b>6 961</b>	<b>7 647</b>	<b>7 789</b>	<b>9 174</b>	<b>9 259</b>	<b>9 886</b>	<b>10 537</b>
<b>Learnerships</b>							
Number of learnerships (head count)	–	–	–	–	60	100	150

**Table 4.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	717.9	844.7	1 133.6	1 431.6	1 581.5	1 831.7	2 105.3
Training expenditure (R million)	26.3	35.3	37.4	53.2	40.7	42.8	39.4
Training as percentage of compensation	3.7%	4.2%	3.3%	3.7%	2.6%	2.3%	1.9%
Total number trained in department (head count)	5 143	5 222	5 300	5 311			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	1 052	1 345	1 356	1 056			
<i>Internships trained (head count)</i>	245	459	410	347			

Table 4.D Summary of expenditure on infrastructure

Table 4.2: Summary of expenditure on infrastructure											
R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Small projects or programmes (costing less than R50 million per annum)	Buildings	New constructed Department of Home Affairs building	–	10.9	–	–	–	–	5.4	5.4	–
	Buildings	New constructed Department of Home Affairs building	–	5.4	–	–	–	–	2.7	2.7	–
	Buildings	New constructed Department of Home Affairs building	–	2.1	–	–	–	–	2.1	–	–
	Facilities	Major upgrade of 14 Department of Home Affairs facilities	–	62.5	–	–	39.2	12.3	8.7	2.3	–
	Facilities	Major upgrade of 12 Department of Home Affairs facilities	–	186.7	72.4	45.9	21.1	35.4	5.0	6.8	–
	Facilities	Buildings repaired in terms of requirements the Occupational and Health Safety Act (OHSA) and compliance with Department of Home Affairs' new corporate requirements. This will be a once-off project per financial year	–	46.3	–	–	–	18.9	12.0	15.4	–
	Facilities	In collaboration with the Government Communication Information System (GCIS) and South African Social Security Agency (SASSA), the Department of Home Affairs will participate in the Thusong service centre initiative. The Department is in the process of improving the original design of the new generation Thusong service centres. The Department of Home Affairs already accessed the GCIS business plan and the Department of Home Affairs Council for Scientific and Industrial Research (CSIR) report was accepted. New business plans to be approved by the Department of Public Works and GCIS and offices of premiers. Approximately 77 offices of the 172 new proposed offices will be catered for under this initiative. The original estimate provided was R6 500.00 per m². GCIS is already giving 120m². The Department of Home Affairs will have to provide a further 380 m². This will result in R2 470 000.00 per Thusong service centre. Costs include professional services and finishes. In total, an amount of R190 190 000.00 would be required to cater for 77 Thusong service units.	–	48.0	–	–	–	15.7	32.3	–	
	Facilities										

Table 4.D Summary of expenditure on infrastructure (continued)

Table 4.2: Summary of Expenditure on Infrastructure (continued)											
	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million											
Small projects or programmes (costing less than R50 million per annum)											
RAMP Group 3	Facilities	Major upgrade and revamp of 9 facilities in terms of the OHSA and compliance with the Department of Home Affairs' new corporate requirements. (Brakpan, Randfontein, Sibasa and the two Komandos will be major works, while Itoseng , Market Street, and Themba will be minor works)	–	72.7	–	–	–	–	–	–	72.7
	Refurbishment	Facilities	(180 Offices in total, therefore 60 offices per financial year)	–	114.2	–	–	–	–	–	43.1
	Soweto regional office (centre of excellence)	Buildings	New constructed Department of Home Affairs building	–	10.4	–	–	–	–	–	7.3
	Welkom regional office	Buildings	New constructed Department of Home Affairs building	–	9.4	–	–	–	–	–	6.3
Dendron (Bochum) department office	Buildings	New constructed Department of Home Affairs building	–	9.0	–	–	–	–	–	–	4.5
Foot print	Facilities	Department of Home Affairs will lease 71 district offices and 14 permanent service points for three years starting from 2009/2010 financial year	–	138.4	–	–	–	–	–	–	–
Planned maintenance	Facilities	Upgrading of Department of Home Affairs facilities, such as painting and repairs, and installation of new counters	–	17.4	–	–	1.1	1.4	4.5	5.0	5.0
Total			–	733.3	72.4	45.9	61.4	68.0	56.1	70.0	138.8

# Vote 5

## Public Works

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	778.0	768.9	1.2	7.9	781.0	881.3
Provision of Land and Accommodation	3 709.3	843.1	1 607.2	1 259.0	4 062.1	4 591.8
National Public Works Programme	768.5	250.1	517.1	1.3	1 726.9	2 681.7
Auxiliary and Associated Services	42.2	16.9	25.3	–	28.8	30.6
<b>Total expenditure estimates</b>	<b>5 298.0</b>	<b>1 879.1</b>	<b>2 150.7</b>	<b>1 268.2</b>	<b>6 598.7</b>	<b>8 185.4</b>
Executive authority	Minister of Public Works					
Accounting officer	Director-General of Public Works					
Website address	www.publicworks.gov.za					

### Aim

*The aim of the Department of Public Works is to provide and manage the accommodation, housing, land and infrastructure needs of national departments; lead and direct the implementation of the national expanded public works programme; and promote growth, job creation and transformation in the construction and property industries.*

### Programme purposes

#### Programme 1: Administration

Provide strategic leadership and support services, including the accommodation needs, and overall management of the department.

#### Programme 2: Provision of Land and Accommodation

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

#### Programme 3: National Public Works Programme

Promote the growth and transformation of the construction and property industries. Promote uniformity and best practice in construction and immovable asset management in the public sector. Ensure the creation of work opportunities coupled with training for the unskilled, marginalised and unemployed people in South Africa by coordinating the implementation of the expanded public works programme.

#### Programme 4: Auxiliary and Associated Services

Provide for various services, including: compensation for losses on the government assisted housing scheme; assistance to organisations for the preservation of national memorials; managing grants for the Parliamentary Villages Management Board; and meeting protocol responsibilities for state functions.

## Strategic overview: 2005/06 – 2011/12

The mandate of the Department of Public Works is articulated in the Government-wide Immovable Asset Management Act (2007). The objective of the act is to ensure efficient and effective immovable asset management within government, to improve service delivery overall. In line with the Public Finance Management Act (1999), it places an obligation on accounting officers to properly account for accommodation needs.

The department's policy priorities over the medium term include: building the capacity of the department, particularly built environment skills; improving the management of the state's asset base to improve its social, financial and economic value; and continuing with service delivery improvement to serve clients better.

In implementing the construction and property charters to accelerate the transformation of both sectors over the MTEF period, the department's focus will be on a number of strategic priorities.

### Infrastructure programmes

#### *2010 FIFA World Cup preparations*

Redeveloping and refurbishing three land ports of entry are the focus of this building programme, and they will be completed in time for the event. They are the Golela border post with Swaziland, the Skilpadshek border post with Botswana, and the Lebombo Ressano-Garcia border post with Mozambique.

#### *National infrastructure maintenance strategy*

Cabinet approved the national infrastructure maintenance strategy, and the Department of Public Works, supported by the Construction Industry Development Board, has been tasked with leading the implementation of the strategy. A key objective of the strategy is to ensure that South Africa develops a viable maintenance industry.

#### *Rehabilitation of unused and underutilised government buildings: an apex priority*

This project is currently being implemented and is key to enabling the expanded public works programme to meet set targets. The programme currently covers 25 buildings. The buildings are under construction and are expected to be completed over the MTEF period. The first phase of this project caters for office accommodation only, owing to budget constraints. However, residential accommodation will be considered in the next phase starting from 2010/11.

#### *Accessibility of state owned buildings: an apex priority*

All government buildings need to be compliant with health and safety requirements and accessible to people with disabilities. This programme involves constructing access ramps, converting existing lifts and toilets, and installing signage.

#### *Energy efficiency in government buildings*

Energy efficiency has been a priority in the department since 1997. The department has saved millions of rand through its energy efficiency initiatives. Twenty-two buildings have already been retrofitted with energy efficient lighting in 2008/09. With the additional funding allocated, more government buildings will be attended to over the MTEF period.

#### *The second phase of the expanded public works programme*

In June 2008, Cabinet approved initial proposals for the second phase of the expanded public works programme. The overall objective is to create about 2 million full-time equivalent jobs for poor and unemployed people in South Africa. Projects will be related to the delivery of public and community services and will contribute to government's goal of halving unemployment by 2014.

## Other strategic priorities

### *The national contractor development programme*

The programme is jointly managed by the Department of Public Works and its entity, the Construction Industry Development Board. It entails registering and empowering contractors through various developmental interventions. The programme has set a target of empowering 10 000 emerging contractors by 2010.

### *Scarce skills capacity training intervention*

As part of the department's contribution towards the national skills development and national human resource development strategies, an intensive capacity building programme has been implemented throughout all departmental programmes. The programme focuses on learnerships, internships and developing young professionals. A key objective of the programme is to address skills shortages within the built environment profession. To optimise the programme's impact, the department has started to recruit Cuban professionals, who will be deployed in all regional offices to assist with the transfer of built environment skills to trainees.

### *Valuations of state immovable assets*

To comply with the requirements of the Government-wide Immovable Asset Management Act (2006) and the Public Finance Management Act (1999), the department has developed a valuations model based on depreciated replacement costs, which it has submitted to National Treasury for approval. It is anticipated that this model will be applied to establish the value of 139 000 land parcels and buildings over the medium term.

## Key policy developments

Over the MTEF period, the department will conduct reviews of the following pieces of departmental legislation:

- Built Environment Professionals Bill: This bill was withdrawn due to the need for further research and consultation. It will be reintroduced to Parliament in September 2009.
- Expropriation Bill: The bill was also withdrawn to make provision for further consultations and will be reintroduced to Parliament in October 2009.
- Extending the Government-wide Immovable Asset Management Act to local government: A working document for discussion with the Department of Provincial and Local Government has already been developed. The negotiating process involving all stakeholders will start in April 2009. Due to the complexity of the process, it could take until March 2011 to complete.
- Two white papers: The process of reviewing the White Paper on Public Works Towards the 21<sup>st</sup> Century and the White Paper on Construction will take about two years to complete.

## Selected performance and operations indicators

**Table 5.1 Public Works**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of youths participating in the national youth service programme each year	National Public Works Programme	–	–	4 466	2 859	6 000	6 600	7 260
Number of learners participating in the Vuk'uphile learnership	National Public Works Programme	1 670	1 600	1 635	1 635	1 000	1 000	1 000
Total number of municipalities reporting on expanded public works programme targets	National Public Works Programme	23	33	71	75	85	90	100
Total number of provincial access roads provided	National Public Works Programme	–	–	–	7 000	85 000	100 000	115 000
Number of new job opportunities created through eradication of mud and inappropriate structures	National Public Works Programme	–	–	–	636	2 100	3 100	–
Number of state owned buildings prioritised to be made accessible to people with disability each year	Provision of Land and Accommodation	–	–	–	76	200	190	180
Percentage of state owned buildings rehabilitated each year (out of 1 053 earmarked for rehabilitation)	Provision of Land and Accommodation	–	–	–	25% (263)	5% (526)	10% (105)	20% (210)
Total number of immovable assets valued (total of 136 089)	Provision of Land and Accommodation	–	–	–	108 871	122 480	136 089	136 089
Total number of immovable assets (out of 136 089) on the department's register that comply with generally recognised accounting practice requirements	Provision of Land and Accommodation	–	–	–	95 262	108 871	136 089	136 089
Percentage reduction in electricity consumption on state-owned buildings due to retrofitting*	Provision of Land and Accommodation	–	–	–	10	10	12	15

\* These percentages will later be translated into kilowatt hours and expenditure amounts



## Expenditure estimates

**Table 5.2 Public Works**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	614.0	625.2	733.7	741.9	741.9	778.0	781.0	881.3
2. Provision of Land and Accommodation	1 583.2	2 216.3	2 421.8	3 300.7	3 250.7	3 709.3	4 062.1	4 591.8
3. National Public Works Programme	142.1	158.0	231.3	233.5	233.5	768.5	1 726.9	2 681.7
4. Auxiliary and Associated Services	15.0	26.3	15.5	25.9	25.9	42.2	28.8	30.6
<b>Total</b>	<b>2 354.3</b>	<b>3 025.8</b>	<b>3 402.3</b>	<b>4 302.0</b>	<b>4 252.0</b>	<b>5 298.0</b>	<b>6 598.7</b>	<b>8 185.4</b>
Change to 2008 Budget estimate				160.6	110.6	528.0	1 437.7	2 828.9

**Economic classification**

Current payments	1 280.6	1 347.4	1 476.8	1 612.1	1 612.1	1 879.1	2 052.5	2 311.6
Compensation of employees	542.8	613.6	746.4	828.3	828.3	887.5	1 021.0	1 106.1
Goods and services	713.5	705.5	730.4	783.8	783.8	991.6	1 031.5	1 205.5
<i>of which:</i>								
<i>Administrative fees</i>	4.5	5.3	1.9	5.3	5.3	6.0	5.3	6.8
<i>Advertising</i>	10.3	17.6	38.6	24.5	24.5	39.7	46.3	51.6
<i>Assets less than R5 000</i>	17.3	28.3	17.9	14.0	14.0	21.2	18.3	22.2
<i>Audit costs: External</i>	15.8	22.4	20.2	26.0	26.0	20.2	19.0	23.3
<i>Bursaries (employees)</i>	2.3	2.5	2.3	5.7	5.7	2.1	2.1	2.8
<i>Catering: Departmental activities</i>	0.9	2.6	1.4	2.2	2.2	2.9	2.5	2.8
<i>Communication</i>	23.6	24.7	28.8	28.8	28.8	26.5	25.8	30.8
<i>Computer services</i>	22.9	22.5	33.4	34.6	34.6	29.0	28.1	37.3
<i>Consultants and professional services: Business and advisory service</i>	11.3	13.0	18.3	24.0	24.0	61.0	52.7	49.4
<i>Consultants and professional services: Infrastructure and planning</i>	50.8	62.6	35.0	46.8	46.8	67.3	84.0	93.4
<i>Consultants and professional services: Legal costs</i>	5.0	4.5	3.0	3.1	3.1	8.2	8.6	9.4
<i>Contractors</i>	26.9	13.7	6.3	29.7	29.7	69.4	82.7	129.0
<i>Agency and support / outsourced services</i>	31.8	56.8	81.0	85.4	85.4	119.2	124.5	152.5
<i>Entertainment</i>	1.2	1.4	1.7	1.0	1.0	1.5	1.3	1.9
<i>Inventory: Fuel, oil and gas</i>	2.5	7.3	4.3	5.9	5.9	7.7	7.1	7.9
<i>Inventory: Learner and teacher support material</i>	0.0	0.0	0.1	0.4	0.4	0.4	0.4	0.5
<i>Inventory: Materials and supplies</i>	2.0	1.5	0.9	0.9	0.9	2.6	2.3	2.4
<i>Inventory: Other consumables</i>	22.2	13.2	10.1	12.5	12.5	16.1	16.1	16.7
<i>Inventory: Stationery and printing</i>	8.3	9.9	10.6	12.2	12.2	12.3	10.5	13.1
<i>Lease payments</i>	241.9	180.9	187.4	191.4	191.4	217.9	227.8	247.4
<i>Owned and leasehold property expenditure</i>	95.2	123.0	112.3	132.5	132.5	125.5	131.1	141.3
<i>Transport provided: Departmental activities</i>	0.0	–	1.7	2.0	2.0	2.2	1.5	2.0
<i>Travel and subsistence</i>	70.5	67.6	88.4	76.9	76.9	79.8	84.4	106.5
<i>Training and development</i>	20.8	10.3	15.2	5.3	5.3	25.7	24.5	28.5
<i>Operating expenditure</i>	21.6	9.5	8.9	5.6	5.6	13.3	12.3	13.2
<i>Venues and facilities</i>	3.8	4.4	0.7	7.0	7.0	13.9	12.1	12.7
<i>Interest and rent on land</i>	15.8	–	0.0	–	–	–	–	–
<i>Financial transactions in assets and liabilities</i>	8.5	28.3	–	–	–	–	–	–

**Table 5.2 Public Works (continued)**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
<b>Transfers and subsidies</b>	<b>639.4</b>	<b>1 230.6</b>	<b>1 404.2</b>	<b>1 512.7</b>	<b>1 512.7</b>	<b>2 150.7</b>	<b>3 172.3</b>	<b>4 178.7</b>
Provinces and municipalities	586.9	710.6	836.6	889.3	889.3	1 349.7	2 050.2	3 070.0
Departmental agencies and accounts	37.0	502.9	552.2	604.6	604.6	700.7	741.5	777.7
Public corporations and private enterprises	0.1	0.0	–	0.1	0.1	0.1	0.1	0.1
Foreign governments and international organisations	11.6	13.3	12.7	15.5	15.5	16.5	17.5	18.5
Households	3.7	3.8	2.7	3.2	3.2	3.3	3.5	3.7
<b>Payments for capital assets</b>	<b>434.2</b>	<b>447.7</b>	<b>521.3</b>	<b>1 177.2</b>	<b>1 127.2</b>	<b>1 268.2</b>	<b>1 373.9</b>	<b>1 695.1</b>
Buildings and other fixed structures	376.8	414.1	488.0	1 155.0	1 105.0	1 220.6	1 303.9	1 603.9
Machinery and equipment	29.5	29.3	28.9	17.2	17.2	42.4	64.9	85.7
Software and other intangible assets	27.9	4.3	4.4	5.0	5.0	5.1	5.1	5.4
<b>Total</b>	<b>2 354.3</b>	<b>3 025.8</b>	<b>3 402.3</b>	<b>4 302.0</b>	<b>4 252.0</b>	<b>5 298.0</b>	<b>6 598.7</b>	<b>8 185.4</b>

## Expenditure trends

Overall expenditure has increased at an average annual rate of 22.3 per cent, from R2.4 billion in 2005/06 to R4.3 billion in 2008/09. Expenditure growth is driven by the increases in transfers and subsidies, which grew from R639.6 million in 2005/06 to R1.5 billion in 2008/09, at an average annual rate of 33.3 per cent. This was mainly due to the creation of the Augmentation Property Management Trading Entity in April 2006. Spending buildings and other fixed structures also increased, from R376.8 million in 2005/06 to R1.2 billion in 2008/09, at an average annual rate of 45.3 per cent.

Over the MTEF period, expenditure is expected to increase to R8.2 billion at an average annual rate of 23.9 per cent. The robust growth in expenditure is due to additional funds of R632.3 million for 2009/10, R1.7 billion for 2010/11, and R3 billion for 2011/12 for the expanded public works programme incentive grant to provinces and municipalities, as well as funds for energy efficiency in government buildings, accessibility of state owned buildings, the presidential inauguration, and scarce skills capacity training interventions.

The strong increase in expenditure of 136.7 per cent in 2008/09 in buildings and other fixed structures relates to the expansion of the acquisition and refurbishment of government buildings programme. Expenditure in this programme is expected to slow to an average annual rate of 12.9 per cent over the MTEF period. Over the medium term, spending in goods and services will increase from R783.8 million in 2008/09 to R1.2 billion in 2011/12, at an average annual rate of 15.4 per cent as the department will be more involved in the maintenance of buildings once they have been refurbished.

## Savings and reprioritisation

The department has identified efficiency savings over the medium term of R98.1 million, R225.1 and R133 million in goods and services for communications, consultants, and travel and subsistence. This is in addition to the efficiency savings declared in the 2008 Budget, of R40.3 million in 2009/10 and R48.3 million in 2010/11.

## Infrastructure

The amounts allocated for infrastructure over the MTEF period are R1.2 billion for 2009/10, R1.3 billion for 2010/11, and R1.3 billion for 2011/12. These allocations include amounts for infrastructure related projects that the Department of Public Works is expected to deliver for the mandate of the border control operational co-ordinating committee. The following projects are catered for using the money allocated for infrastructure:

### *Large infrastructure projects or programmes (between R50 million and R300 million)*

- Lebombo border post
- Skilpadhek border post
- Re KgabisaTshwane: Agrivaal, Government Printing Works and Salvokop

- Prestige: 120 Plein Street and Tuynhuis
- United Nations buildings

*Groups of small projects or programmes (less than R50 million)*

- Prestige accommodation: Upgrading and new construction
- The Re Kgabisa Tshwane project
- Various centres: Dolomite projects
- Border posts: Upgrading and new construction
- Departmental allocation: Upgrading and new construction

The department has been allocated R4.1 billion over the MTEF period for the expanded public works programme conditional grants to both local and provincial government. In overall terms, provision for the performance based allocations for the second phase of the expanded public works programme over the MTEF period totals R465 million, R1 4 billion and R2.3 billion for 2011/12.

## Departmental receipts

Other than the revenue collected through the Property Management Trading Entity, the department also generates revenue mainly through letting properties and official quarters, and the sale of state owned land and buildings. Buildings that have been sold include redundant military bases and properties that are no longer cost effective to maintain.

**Table 5.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>98 077</b>	<b>79 937</b>	<b>95 818</b>	<b>23 000</b>	<b>23 000</b>	<b>25 581</b>	<b>26 628</b>	<b>27 695</b>
Sales of goods and services produced by department	22 257	25 497	20 505	20 000	20 000	20 648	20 970	21 469
Sales of scrap, waste, arms and other used current goods	18	15	449	10	10	475	504	529
Fines, penalties and forfeits	124	3	2	1	1	2	3	4
Interest, dividends and rent on land	2 848	1 877	572	490	490	597	620	643
Sales of capital assets	51 887	26 582	67 664	1 000	1 000	1 000	1 500	1 700
Financial transactions in assets and liabilities	20 943	25 963	6 626	1 499	1 499	2 859	3 031	3 350
<b>Total</b>	<b>98 077</b>	<b>79 937</b>	<b>95 818</b>	<b>23 000</b>	<b>23 000</b>	<b>25 581</b>	<b>26 628</b>	<b>27 695</b>

## Programme 1: Administration

### Expenditure estimates

**Table 5.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	1.0	1.0	1.0	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.6	0.8	0.7	0.8	1.4	1.5	1.6
Management	58.6	64.8	92.7	104.6	99.2	99.7	99.5
Corporate Services	332.4	310.4	362.4	349.4	358.1	344.5	416.3
Property Management	221.6	248.3	277.0	286.2	317.5	333.5	362.0
<b>Total</b>	<b>614.0</b>	<b>625.2</b>	<b>733.7</b>	<b>741.9</b>	<b>778.0</b>	<b>781.0</b>	<b>881.3</b>
Change to 2008 Budget estimate				54.6	10.9	(62.2)	(15.0)

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

Table 5.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>571.6</b>	<b>614.3</b>	<b>718.2</b>	<b>733.4</b>	<b>768.9</b>	<b>771.7</b>	<b>871.5</b>
Compensation of employees	143.0	163.9	209.1	228.2	243.7	256.3	269.0
Goods and services	428.7	450.4	509.1	505.1	525.3	515.4	602.5
of which:							
Administrative fees	1.8	2.1	1.2	0.3	1.3	1.3	1.5
Advertising	8.6	13.9	23.3	20.1	20.0	19.0	23.9
Assets less than R5 000	9.4	5.0	5.8	3.9	5.8	5.0	6.4
Audit costs: External	15.8	22.4	20.2	26.0	20.2	19.0	23.3
Bursaries (employees)	2.3	2.3	2.3	5.0	2.0	2.0	2.7
Catering: Departmental activities	0.4	0.2	0.6	0.7	0.7	0.6	0.8
Communication	19.6	19.3	22.5	22.6	20.0	19.0	23.9
Computer services	22.4	20.1	33.1	31.8	26.0	25.0	34.0
Consultants and professional services:	2.5	8.5	7.3	7.3	7.7	7.0	8.4
Business and advisory services							
Consultants and professional services:	0.0	1.9	0.9	–	1.0	0.8	1.1
Infrastructure and planning							
Consultants and professional services:	5.0	4.4	3.0	3.0	3.0	3.0	3.5
Legal costs							
Contractors	18.3	2.6	1.1	1.1	1.0	1.0	1.3
Agency and support / outsourced services	24.3	29.8	30.7	29.0	30.0	24.0	33.7
Entertainment	0.8	0.7	0.8	0.3	0.8	0.5	1.1
Inventory: Other consumables	0.2	0.2	0.5	0.3	0.5	0.5	0.6
Inventory: Stationery and printing	6.3	7.6	8.3	9.8	8.9	7.0	9.6
Lease payments	134.4	158.7	173.7	166.0	194.4	204.9	223.4
Owned and leasehold property expenditure	95.2	101.6	110.8	130.2	123.1	128.6	138.6
Transport provided: Departmental activities	0.0	–	1.7	2.0	2.2	1.5	2.0
Travel and subsistence	42.2	38.4	48.4	45.2	43.5	35.4	47.7
Training and development	11.3	6.5	10.8	0.3	10.5	9.0	12.5
Operating expenditure	4.9	3.4	1.5	0.1	2.0	1.0	1.8
Venues and facilities	2.5	0.6	0.5	0.1	0.7	0.2	0.6
Interest and rent on land	–	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>1.5</b>	<b>0.7</b>	<b>0.5</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>	<b>1.3</b>
Provinces and municipalities	0.5	0.1	0.0	–	–	–	–
Public corporations and private enterprises	0.1	–	–	0.1	0.1	0.1	0.1
Households	0.9	0.6	0.5	1.1	1.1	1.2	1.2
<b>Payments for capital assets</b>	<b>40.9</b>	<b>10.1</b>	<b>15.0</b>	<b>7.5</b>	<b>7.9</b>	<b>8.1</b>	<b>8.5</b>
Machinery and equipment	13.0	5.9	10.8	2.5	2.9	3.1	3.2
Software and other intangible assets	27.9	4.2	4.2	5.0	5.0	5.0	5.3
<b>Total</b>	<b>614.0</b>	<b>625.2</b>	<b>733.7</b>	<b>741.9</b>	<b>778.0</b>	<b>781.0</b>	<b>881.3</b>

## Expenditure trends

Between 2005/06 and 2008/09, expenditure increased at an average annual rate of 6.5 per cent from R614 million to R741.9 million. Expenditure in this programme is dominated by current payments for compensation of employees and related goods and services. Compensation of employees increased from R143 million in 2005/06 to R228.2 million in 2008/09, at an average annual rate of 16.9 per cent, because many vacant posts were filled.

Over the MTEF period, the average annual increase in spending is approximately 5.9 per cent, mainly to provide for the department's relocation costs of R15 million in 2009/10.

There are also additional allocations for accommodation costs over the medium term of R317.9 million, R351.5 million and R374 million.

## Service delivery and spending focus

Certain modules of the IE-Works IT system were successfully developed and implemented, including the asset register and devolution of rates and taxes in compliance with the Government-wide Immovable Asset Management Act.

The expanded public works programme monitoring and evaluation tool for consolidated reporting on its target of achieving one million job opportunities by 2009, was developed and tested with 350 users from provinces and municipalities.

## Programme 2: Provision of Land and Accommodation

- *Infrastructure (Public Works)* funds the acquisition and construction of infrastructure for the Department of Public Works, the prestige portfolio, and the mandate of the border control operational coordinating committee. Funds are distributed on the basis of priorities, as determined by the department.
- *Property Management* funds the accommodation solutions that the department will implement for client departments, which will be accounted for through the trading entity. Funds are distributed on the basis of the compensation and administration needs of the unit, as well as the property rates grant to provinces.
- *Asset Management* provides for the strategic management of immovable assets owned or used for delivering various government services expected to yield functional, economic and social benefits to the state. The distribution of funds is governed by the compensation and administration requirements of the unit.
- *Augmentation of the Property Management Trading Entity* is a special subprogramme for receiving funds to be transferred to the entity. Funds are used on the basis of the requirements of the entity.

## Objectives and measures

- Provide accommodation solutions to clients by:
  - attending to all requests for leased accommodation according to each client's specifications within eight months
  - ensuring that all projects are completed in line with service level agreements with clients.
- Ensure that immovable properties are efficiently managed by rehabilitating 50 per cent of the 1053 unutilised government buildings by March 2010.
- In line with the requirements of the Occupational Health and Safety Act (1993), provide people with disabilities access to 200 of the 35 000 government buildings maintained by the department by March 2010.
- Improve efficiency in government's consumption of electricity by reducing electricity consumption in government buildings by at least 15 percent by 2011/12.

## Service delivery and spending focus

Following a comprehensive options analysis process, a suitable location for the construction of the Pan African Parliament was identified and approved by the interministerial committee on international relations, peace and security during 2007/08. The committee also approved the funding and procurement methods for the implementation of the project. A Durban based architectural firm was awarded the tender to design the Pan African Parliament complex, following a continent wide design competition.

During 2007/08, 38 user asset management plan reports for respective user departments and agencies were completed. The user departments now have the opportunity of compiling an improved plan, which will not only help to achieve service delivery objectives, but will also enable budgeting for both capital and current expenditure in line with the department's strategic objectives. In May 2008, the national infrastructure maintenance strategy was launched in Cape Town.

During 2007/08, the department delivered more than R238 million worth of physical and ICT infrastructure to various ports of entry. Repair and maintenance services were also provided to 90 per cent of land ports of entry and border line bases to address occupational safety and functional requirements.

An integrated spatial development framework was approved by the City of Tshwane for the Re Kgabisa Tshwane programme. A geographic information database has been generated for the entire Tshwane inner city. 13 options analyses for various government departments were also completed.

Over the MTEF period, spending in this programme will be focused on refurbishing the land ports of entry, implementing the national infrastructure maintenance strategy, rehabilitating unused and underutilised buildings, making government buildings accessible to persons with disabilities, and retrofitting government buildings for reducing wasteful electricity consumption.

## Expenditure estimates

**Table 5.5 Provision of Land and Accommodation**

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2008/09	2009/10	2010/11	2011/12
	2005/06	2006/07	2007/08				
Infrastructure (Public Works)	376.9	414.1	488.0	1 155.0	1 220.6	1 303.9	1 603.9
Property Management	1 014.4	1 127.0	1 206.0	1 337.3	1 540.4	1 700.4	1 850.8
Asset Management	191.8	225.2	251.9	280.3	339.8	414.8	462.2
Augmentation of the Property Management Trading Entity	–	450.0	476.0	528.0	608.4	643.0	674.8
<b>Total</b>	<b>1 583.2</b>	<b>2 216.3</b>	<b>2 421.8</b>	<b>3 300.7</b>	<b>3 709.3</b>	<b>4 062.1</b>	<b>4 591.8</b>
Change to 2008 Budget estimate				105.2	10.3	93.1	501.4

  

Economic classification							
<b>Current payments</b>	<b>601.6</b>	<b>616.2</b>	<b>601.6</b>	<b>711.8</b>	<b>843.1</b>	<b>956.1</b>	<b>1 067.4</b>
Compensation of employees	380.6	426.5	496.0	561.6	593.7	701.3	756.4
Goods and services	196.7	161.4	105.6	150.2	249.5	254.7	311.0
of which:							
Administrative fees	2.4	2.9	0.7	5.0	4.7	4.0	5.3
Advertising	0.5	0.8	0.5	0.8	1.8	1.9	2.0
Assets less than R5 000	7.8	23.2	11.9	10.0	14.7	13.2	15.6
Bursaries (employees)	0.1	0.0	0.0	0.7	0.1	0.1	0.1
Catering: Departmental activities	0.5	0.6	0.5	0.5	0.6	0.7	0.8
Communication	3.5	4.9	5.7	5.7	6.0	6.3	6.4
Computer services	0.1	2.3	0.3	2.6	2.7	2.8	3.0
Consultants and professional services: Business and advisory service	3.2	2.0	0.9	0.7	23.3	13.5	4.6
Consultants and professional services: Infrastructure and planning	3.6	0.2	0.1	1.5	2.7	3.0	3.0
Consultants and professional services: Legal costs	0.1	0.1	0.0	0.0	0.1	0.1	0.2
Contractors	4.0	5.7	3.8	23.1	57.5	75.5	121.1
Agency and support / outsourced services	4.8	22.7	14.3	6.4	18.0	17.5	20.0
Entertainment	0.3	0.5	0.6	0.7	0.7	0.8	0.9
Inventory: Food and food supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventory: Fuel, oil and gas	2.4	7.3	4.3	5.9	7.7	7.1	7.9
Inventory: Learner and teacher support material	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Inventory: Materials and supplies	1.8	1.2	0.8	0.8	1.9	2.1	2.2
Inventory: Medical supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Inventory: Other consumables	21.9	12.9	9.7	12.1	15.0	15.5	16.0
Inventory: Stationery and printing	1.8	1.5	1.7	2.0	3.0	3.1	3.0
Lease payments	107.4	21.8	13.4	25.1	23.1	22.5	23.7
Owned and leasehold property expenditure	–	21.4	1.5	2.3	2.4	2.5	2.7
Transport provided: Departmental activities	0.0	–	–	–	–	–	–
Travel and subsistence	23.0	23.8	30.4	27.3	29.7	29.0	38.5
Training and development	2.7	3.8	2.1	5.0	15.3	15.5	16.0
Operating expenditure	4.7	1.7	2.3	5.5	11.2	11.3	11.4
Venues and facilities	0.0	0.1	0.1	6.5	6.9	6.5	6.6
Interest and rent on land	15.8	–	–	–	–	–	–
Financial transactions in assets and liabilities	8.5	28.3	–	–	–	–	–



**Table 5.5 Provision of Land and Accommodation (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>588.8</b>	<b>1 162.9</b>	<b>1 314.6</b>	<b>1 419.4</b>	<b>1 607.2</b>	<b>1 741.5</b>	<b>1 839.2</b>
Provinces and municipalities	586.3	710.4	836.6	889.3	996.5	1 096.2	1 162.0
Departmental agencies and accounts	0.0	450.0	476.0	528.0	608.4	643.0	674.8
Public corporations and private enterprises	0.0	0.0	—	—	—	—	—
Households	2.4	2.4	2.0	2.1	2.2	2.3	2.5
<b>Payments for capital assets</b>	<b>392.8</b>	<b>437.3</b>	<b>505.6</b>	<b>1 169.5</b>	<b>1 259.0</b>	<b>1 364.5</b>	<b>1 685.2</b>
Buildings and other fixed structures	376.8	414.1	488.0	1 155.0	1 220.6	1 303.9	1 603.9
Machinery and equipment	15.9	23.0	17.5	14.4	38.2	60.4	81.1
Software and other intangible assets	0.1	0.1	0.1	—	0.1	0.1	0.2
<b>Total</b>	<b>1 583.2</b>	<b>2 216.3</b>	<b>2 421.8</b>	<b>3 300.7</b>	<b>3 709.3</b>	<b>4 062.1</b>	<b>4 591.8</b>

**Details of selected transfers and subsidies**

<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Current</b>	<b>585.4</b>	<b>710.1</b>	<b>836.6</b>	<b>889.3</b>	<b>996.5</b>	<b>1 096.2</b>	<b>1 162.0</b>
Devolution of property rate funds to provinces grant	585.4	710.1	836.6	889.3	996.5	1 096.2	1 162.0
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>—</b>	<b>450.0</b>	<b>476.0</b>	<b>528.0</b>	<b>608.4</b>	<b>643.0</b>	<b>674.8</b>
Property Management Trading Entity	—	450.0	476.0	528.0	608.4	643.0	674.8
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>2.4</b>	<b>2.4</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>	<b>2.3</b>	<b>2.5</b>
Leave gratuities	2.4	2.4	2.0	2.1	2.2	2.3	2.5

**Expenditure trends**

Between 2005/06 and 2008/09, spending in this programme shows an average annual increase of 27.7 per cent, from R1.6 billion to R3.3 billion. The increase relates to the additional allocation of R450 million in 2006/07 that has been earmarked for augmenting the Property Management Trading Entity, and an increase of R124.7 million in the *Property Management* subprogramme for the higher cost of property rates for state owned properties in provinces.

Over the MTEF period, spending is expected to increase to R4.6 billion, at an average annual rate of 11.6 per cent. This is because of more spending in the *Property Management* subprogramme, which is projected to increase from R1.3 billion in 2008/09 to R1.9 billion in 2011/12, at an average annual rate of 11.4 per cent. In this subprogramme, the allocation for property rates has been increased by R107.2 million, R99.7 million and R65.7 million.

There are additional allocations of R300 million in 2011/12 for ports of entry in the *Infrastructure* subprogramme; R20 million in 2009/10 and R10 million in 2010/11 for asset management projects such as improving the data integrity of the department's asset register; R40 million in 2010/11 and R50 million in 2011/12 for scarce skills capacity training interventions; and R35 million in 2009/10, R75 million in 2010/11 and R120 million in 2011/12 for implementing energy efficiency in government buildings.

**Programme 3: National Public Works Programme**

- *Administration.*
- *Construction Industry Development Programme* creates an enabling environment for transforming, reconstructing and developing the construction industry.
- *Expanded Public Works Programme* promotes the use of government expenditure to create additional employment opportunities by introducing labour intensive delivery methods and additional employment and skills programmes for the participation of the unemployed in the delivery of needed services. Funds for the

performance based incentive to municipalities and provinces are distributed on the basis of their ability to absorb unskilled labour in expanded public works programme projects.

- *Property Industry Development Programme* provides leadership and guidance on the transformation of the property industry, and promotes uniformity and best practice on immovable asset management in the public sector. It also sets best practice for the compilation and maintenance of immovable assets registers and the administration of rights over state and private land.

## Objectives and measures

- Increase the Department of Public Works' participation in the implementation of the expanded public works programme by increasing the number of youths in its national youth service programme from 5 000 in 2007/08 to 7 260 in 2011/12.
- Contribute to the implementation of the expanded public works programme by:
  - employing 10 per cent of each year's graduates from the national youth service programme in the department's construction and maintenance projects
  - negotiating the absorption of the remaining 90 per cent by other government departments or the private sector.
- Increase the number of public bodies reporting on the implementation of the expanded public works programme by ensuring that 160 municipalities participate in and report on their expanded public works programmes annually.
- Facilitate the increased participation of black owned enterprises in the sector by attracting an additional 50 companies annually through the property incubator programme.

## Service delivery and spending focus

The expanded public works programme achieved 86 per cent of its target of creating 1 million job opportunities over 5 years in 2007/08, long before the end of the first 5 years of the programme in 2008/09. The results of a review of the programme indicate that out of every 10 beneficiaries, 8 agreed that there had been positive outcomes for them and their families since they started working on expanded public works programme projects.

As part of ongoing efforts to provide guidance and leadership to the property sector, the property charter technical committee completed its work on the development of the Property Industry Transformation Charter in March 2006. The charter was submitted, and subsequently gazetted by the Department of Trade and Industry. The property charter council board represents various role players in industry and government.

The department finalised the property empowerment strategy on black economic empowerment (BEE), poverty alleviation, and job creation in July 2008. The strategy is aimed at increasing the participation of black owned companies in the property sector through the department's fixed asset portfolio.

Over the MTEF, period, the spending focus will be on implementing the second phase of the expanded public works programme.

## Expenditure estimates

**Table 5.6 National Public Works Programme**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million							
Construction Industry Development Programme	79.2	86.8	104.3	98.2	105.9	112.0	118.7
Expanded Public Works Programme	62.8	70.4	126.6	125.1	651.3	1 602.8	2 550.3
Property Industry Development Programme	–	0.8	0.4	10.2	11.3	12.0	12.7
Administration	0.0	–	–	–	–	–	–
<b>Total</b>	<b>142.1</b>	<b>158.0</b>	<b>231.3</b>	<b>233.5</b>	<b>768.5</b>	<b>1 726.9</b>	<b>2 681.7</b>
Change to 2008 Budget estimate				0.8	491.9	1 406.9	2 342.6



Table 5.6 National Public Works Programme (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>105.0</b>	<b>110.3</b>	<b>156.8</b>	<b>165.1</b>	<b>250.1</b>	<b>322.6</b>	<b>370.6</b>
Compensation of employees	19.2	23.2	41.4	38.4	50.2	63.4	80.8
Goods and services	85.8	87.2	115.4	126.6	200.0	259.3	289.8
of which:							
Advertising	1.1	3.0	14.8	3.6	17.9	25.4	25.7
Communication	0.4	0.5	0.6	0.5	0.5	0.5	0.5
Computer services	0.4	0.1	0.0	0.2	0.3	0.3	0.3
Consultants and professional services: Business and advisory services	5.6	2.5	10.1	16.0	29.9	32.2	36.4
Consultants and professional services: Infrastructure and planning	47.2	60.5	34.0	45.4	63.6	80.2	89.3
Consultants and professional services: Legal costs	0.0	–	–	0.1	5.1	5.5	5.8
Contractors	4.2	5.1	1.5	5.2	5.5	5.9	6.3
Agency and support / outsourced services	2.7	4.3	36.0	50.0	71.2	83.0	98.8
Inventory: Stationery and printing	0.2	0.8	0.6	0.4	0.4	0.4	0.5
Travel and subsistence	4.4	4.9	9.5	4.4	4.6	19.9	20.2
Training and development	6.7	(0.0)	2.3	–	–	–	–
Operating expenditure	12.0	4.4	5.1	0.0	0.0	0.0	0.0
Venues and facilities	0.1	0.0	0.1	–	–	5.0	5.0
<b>Transfers and subsidies</b>	<b>37.1</b>	<b>47.3</b>	<b>73.8</b>	<b>68.2</b>	<b>517.1</b>	<b>1 402.8</b>	<b>2 309.8</b>
Provinces and municipalities	0.1	0.0	–	–	353.2	954.0	1 908.0
Departmental agencies and accounts	37.0	47.2	73.8	68.2	83.4	89.2	93.0
Non-profit institutions	–	–	–	–	80.5	359.6	308.7
Households	0.0	0.1	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.3</b>	<b>0.7</b>	<b>0.3</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>
Machinery and equipment	0.0	0.3	0.7	0.3	1.3	1.4	1.4
Software and other intangible assets	–	–	0.0	–	–	–	–
<b>Total</b>	<b>142.1</b>	<b>158.0</b>	<b>231.3</b>	<b>233.5</b>	<b>768.5</b>	<b>1 726.9</b>	<b>2 681.7</b>
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>151.4</b>	<b>400.0</b>	<b>800.0</b>
Expanded public works programme incentive to provincial government	–	–	–	–	151.4	400.0	800.0
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>201.7</b>	<b>554.0</b>	<b>1 108.0</b>
Expanded public works programme incentive to local government	–	–	–	–	201.7	554.0	1 108.0
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>37.0</b>	<b>47.2</b>	<b>73.8</b>	<b>68.2</b>	<b>83.4</b>	<b>89.2</b>	<b>93.0</b>
Construction Industry Development Board	34.0	40.0	49.9	41.9	59.3	63.7	66.0
Council for the Built Environment	3.0	7.2	23.9	26.3	24.2	25.5	27.1
<b>Non-profit institutions</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>80.5</b>	<b>359.6</b>	<b>308.7</b>
Non-state sector	–	–	–	–	80.5	359.6	308.7

## Expenditure trends

Between 2005/06 and 2008/09, the programme shows an average increase in expenditure of 18 per cent, mainly because of the increase in the allocation for the expanded public works programme.

Over the MTEF period, the budget increases at an average rate of 125.6 per cent, mainly due to the additional allocation for the expanded public works programme conditional grants to both provincial and local government and an allocation to the non-state sector. Specifically, additional allocations for the performance based incentive allocations of the expanded public works programme over the MTEF period are as follows:

- expanded public works programme incentive grant to local government: R201.7 million, R554 million and R1.1 billion
- expanded public works programme incentive grant to provincial government: R151.4 million, R400 million and R800 million
- expanded public works programme indicative allocation to the non-state sector: R80.5 million, R359.6 million and R308.7 million

The administration requirements for these indicative allocations to the public and private sectors will be covered by additional funding of R31.5 million, R54.2 million and R74.4 million.

Over the MTEF period, additional amounts for improving the capacity of the expanded public works programme unit in the Department of Public Works are R25 million, R50 million and R50 million in 2001/12.

## Programme 4: Auxiliary and Associated Services

- *Compensation for Losses* provides compensation for losses in the state housing guarantee scheme when public servants fail to fulfil their obligations.
- *Assistance to Organisations for Preservation of National Memorials* provides funding to the Commonwealth War Graves Commission and to the United Nations for maintaining national memorials.
- *Parliamentary Villages Management Board* provides financial assistance to the board.
- *State Functions* provides for the acquisition of logistical facilities for state functions.

## Expenditure estimates

**Table 5.7 Auxiliary and Associated Services**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Compensation for Losses	0.4	0.6	0.1	1.7	1.8	1.9	2.1
Distress Relief	–	–	–	0.0	0.0	0.0	0.0
Loskop Settlement	–	–	–	0.0	0.0	0.0	0.0
Assistance to Organisations for Preservation of National Memorials	11.6	13.3	12.7	15.5	16.5	17.5	18.5
Parliamentary Villages Management Board	0.9	5.7	2.4	6.3	6.6	7.0	7.4
State Functions	2.1	6.6	0.2	0.1	15.1	0.1	0.1
Sector Education and Training Authority	–	–	–	2.1	2.2	2.3	2.5
<b>Total</b>	<b>15.0</b>	<b>26.3</b>	<b>15.5</b>	<b>25.9</b>	<b>42.2</b>	<b>28.8</b>	<b>30.6</b>
Change to 2008 Budget estimate				–	14.9	(0.1)	(0.1)

### Economic classification

<b>Current payments</b>	<b>2.4</b>	<b>6.6</b>	<b>0.2</b>	<b>1.9</b>	<b>16.9</b>	<b>2.1</b>	<b>2.2</b>
Goods and services	2.4	6.6	0.2	1.9	16.9	2.1	2.2
of which:							
Assets less than R5 000	–	–	0.2	0.1	0.6	0.1	0.1
Catering: Departmental activities	–	1.7	–	1.0	1.6	1.1	1.2
Contractors	0.4	0.4	–	0.3	5.3	0.3	0.4
Entertainment	–	0.1	–	–	–	–	–
Inventory: Materials and supplies	–	0.1	–	0.1	0.6	0.1	0.1
Inventory: Other consumables	–	0.1	–	0.1	0.6	0.1	0.1
Travel and subsistence	0.9	0.5	–	0.1	2.1	0.1	0.1
Venues and facilities	1.2	3.6	–	0.4	6.4	0.4	0.4

**Table 5.7 Auxiliary and Associated Services (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>12.0</b>	<b>19.7</b>	<b>15.3</b>	<b>24.0</b>	<b>25.3</b>	<b>26.8</b>	<b>28.4</b>
Departmental agencies and accounts	–	5.7	2.4	8.5	8.8	9.3	9.9
Foreign governments and international organisations	11.6	13.3	12.7	15.5	16.5	17.5	18.5
Households	0.4	0.6	0.1	0.0	0.0	0.0	0.0
<b>Payments for capital assets</b>	<b>0.5</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	0.5	0.0	–	–	–	–	–
<b>Total</b>	<b>15.0</b>	<b>26.3</b>	<b>15.5</b>	<b>25.9</b>	<b>42.2</b>	<b>28.8</b>	<b>30.6</b>

**Details of selected transfers and subsidies**

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>–</b>	<b>5.7</b>	<b>2.4</b>	<b>8.5</b>	<b>8.8</b>	<b>9.3</b>	<b>9.9</b>
Sectoral Education and Training Authority	–	–	–	2.1	2.2	2.3	2.5
Parliamentary Villages Management Board	–	5.7	2.4	6.3	6.6	7.0	7.4
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>11.6</b>	<b>13.3</b>	<b>12.7</b>	<b>15.5</b>	<b>16.5</b>	<b>17.5</b>	<b>18.5</b>
Commonwealth War Graves Commission	11.6	13.3	12.7	15.5	16.5	17.5	18.5

**Expenditure trends**

Expenditure between 2005/06 and 2008/09 increased at an average annual rate of 20 per cent, due to spending on the Parliamentary Village Management Board in 2006/07 and 2008/09.

Expenditure over the MTEF period is set to increase at an average annual rate of 5.8 per cent. The increase is largely due to the allocation of R15 million in 2009/10 for the presidential inauguration ceremony.

**Public entity and other agencies****Property Management Trading Entity****Strategic overview: 2005/06 – 2011/12**

The Property Management Trading Entity originates from the decision, effective from April 2006, that accommodation related costs be devolved by the Department of Public Works to client departments. This is to ensure the long term sustainability of the Department of Public Works and its immovable assets and to comply with the Public Finance Management Act (1999), which requires the full cost of a service to be visible on each department's budget. The Department of Public Works established the entity in April 2006 as part of a longer term reform programme to provide improved property management services to client departments.

The Property Management Trading Entity has been issuing invoices and collecting user charges from clients on a quarterly basis, based on the amounts devolved to them. Additional invoices have been issued to cover the new operational leases that have been entered into after the devolution of budgets. At the end of 2007/08, 97.7 per cent of all invoices issued were paid. An additional amount of R100 million outstanding from the previous year was also recovered. Indications are that all invoices will be paid by the end of 2008/09. The entity has been operating on a modified cash basis of accounting for the first three years, but will start reporting on an accrual accounting basis in April 2009.

The main challenges faced by the entity are inadequate billing and accounting systems and the incomplete asset register. The asset valuation model for valuing assets has been approved by the Accountant General and will be implemented to reflect the value of the entity's assets in the next annual financial statements.

The Department of Health will take occupation of the Civitas building during 2009 and will pay the true cost of accommodation while the Property Management Trading Entity will maintain the building and ensure that it

does not deteriorate. More projects to rehabilitate unused buildings have been identified and this will lead to an increase in the revenue stream as additional accommodation charges will be levied against clients occupying these buildings.

### Selected performance and operations indicators

**Table 5.8 Property Management Trading Entity**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Amount of revenue collected	R2 492 945	R3 930 335	R4 694 048	R4 300 520	R5 089 558	R5 769 475	R6 355 919
Average number of days to collect outstanding money	–	60	60	60	60	60	60
Amount invoiced outstanding at the end of each year	–	R148 734	R32 861	R10 000	R9 000	R8 000	R7 000

### Service delivery and spending focus

At the end of 2007/08, 98 per cent of all invoices issued were paid. An additional R100 million (outstanding from the previous year) was also recovered. It is expected that most of the invoices will be paid by the end of 2008/09. The entity spent 98 per cent of the revenue collected on programmes.

During 2008/09, the Property Management Trading Entity received R4.3 billion in revenue, consisting of accommodation charges (state owned and private), an augmentation from the department (528 million), and the management fee collected on the administration of municipal services accounts. This money will be used to cover property rates, cleaning and gardening services, maintenance (planned and unplanned), and the rehabilitation of unused buildings (R394 million). A further R4.7 billion will be spent on municipal services and capital works on behalf of clients.

The Property Management Trading Entity currently has 1 824 projects running on its planned maintenance building programme, of which 661 are under construction, 94 in the tender phase, and 55 in the planning phase. The remaining projects are in different stages of investigation and initiation.

The clients' building programme consists of more than 2 000 projects, of which 1 129 are under construction, 100 in the tender phase, and 406 in the planning phase. Municipal services' invoices are now sent out on time to 35 clients monthly, detailing payments made to local governments on behalf of the relevant client.

**Table 5.9 Property Management Trading Entity: Objective information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Repair, renovate, refurbish and maintain buildings	827.8	1 463.0	1 695.5	2 005.2	2 569.5	3 004.4	3 396.1
Operating leases	1 333.8	1 493.8	1 610.9	1 678.7	1 846.5	2 029.3	2 155.9
Property rates	331.3	1 034.8	1 210.3	489.6	538.6	592.5	651.7
Cleaning and gardening services: Departments of public works and justice	–	55.0	81.1	113.0	119.8	127.0	134.6
Other objectives	–	48.7	33.0	14.0	10.8	9.8	38.2
<b>Total expense</b>	<b>2 492.9</b>	<b>4 095.3</b>	<b>4 630.8</b>	<b>4 300.5</b>	<b>5 085.3</b>	<b>5 763.0</b>	<b>6 376.5</b>

**Table 5.10 Property Management Trading Entity (PMTE): Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>2 492.9</b>	<b>3 480.3</b>	<b>4 218.0</b>	<b>3 772.5</b>	<b>4 476.9</b>	<b>5 120.0</b>	<b>5 701.6</b>
Sale of goods and services other than capital assets	2 492.9	3 476.6	4 211.1	3 767.5	4 471.9	5 115.0	5 696.6
of which:							
Operating leases	1 322.9	1 336.0	1 627.0	1 751.6	1 925.7	2 116.4	2 248.2
Management fees	1 170.1	2 140.6	2 584.1	2 015.9	2 546.2	2 998.7	3 448.5
Other non-tax revenue	–	3.7	7.0	5.0	5.0	5.0	5.0
<b>Transfers received</b>	<b>–</b>	<b>450.0</b>	<b>476.0</b>	<b>528.0</b>	<b>608.4</b>	<b>643.0</b>	<b>674.8</b>
<b>Total revenue</b>	<b>2 492.9</b>	<b>3 930.3</b>	<b>4 694.0</b>	<b>4 300.5</b>	<b>5 085.3</b>	<b>5 763.0</b>	<b>6 376.5</b>

**Table 5.10 Property Management Trading Entity (PMTE): Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Expenses</b>							
<b>Current expense</b>	<b>2 161.6</b>	<b>3 060.6</b>	<b>3 420.5</b>	<b>3 810.9</b>	<b>4 546.7</b>	<b>5 170.5</b>	<b>5 724.7</b>
Goods and services	2 161.6	3 048.7	3 407.6	3 796.9	4 531.6	5 154.2	5 707.1
Interest, dividends and rent on land	–	11.9	12.9	14.0	15.1	16.3	17.6
<b>Transfers and subsidies</b>	<b>331.3</b>	<b>1 034.8</b>	<b>1 210.3</b>	<b>489.6</b>	<b>538.6</b>	<b>592.5</b>	<b>651.7</b>
<b>Total expenses</b>	<b>2 492.9</b>	<b>4 095.3</b>	<b>4 630.8</b>	<b>4 300.5</b>	<b>5 085.3</b>	<b>5 763.0</b>	<b>6 376.5</b>
<b>Surplus / (Deficit)</b>	<b>–</b>	<b>(165.0)</b>	<b>63.3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

### Expenditure trends

Revenue has increased from R2.5 billion in 2005/06 to R4.3 billion in 2008/09, at an average annual rate of 19.9 per cent due to the increased activities in the repair, renovation and maintenance of buildings programme. The decrease in revenue in 2008/09 is because the payment of provincial property rates was devolved to provinces. Previously, this was claimed from the Department of Public Works and paid to municipalities on behalf of provinces. As provinces took over this function from April 2008, the revenue and expenditure figures show a decline.

A balanced budget is projected over the MTEF period. Expenditure and revenue are expected to increase to R6.4 billion, at an average annual rate of 14 per cent. The increase is due to the 15 per cent rise in accommodation charges, as approved by the National Treasury. The budget is set to grow by 18.2 per cent during 2009/10 due to additional funding made available during the previous MTEF cycle. 2010/11 and 2011/12 should see increases of 13.3 per cent and 10.6 per cent. Although a 15 per cent increase in accommodation charges was approved, municipal services and operating leases were only allowed a 6 per cent increase in 2010/11 and 2011/12, which will result in client departments having to find additional funding in their current baselines to make provision for these items.

## Additional tables

**Table 5.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	628.6	647.4	733.7	687.3	54.6	741.9	741.9
2. Provision of Land and Accommodation	2 866.6	2 898.3	2 421.8	3 195.5	105.2	3 300.7	3 250.7
3. National Public Works Programme	173.6	189.4	231.3	232.7	0.8	233.5	233.5
4. Auxiliary and Associated Services	24.4	24.4	15.5	25.9	–	25.9	25.9
<b>Total</b>	<b>3 693.1</b>	<b>3 759.5</b>	<b>3 402.3</b>	<b>4 141.4</b>	<b>160.6</b>	<b>4 302.0</b>	<b>4 252.0</b>

  

Economic classification							
<b>Current payments</b>	<b>1 465.4</b>	<b>1 467.2</b>	<b>1 476.8</b>	<b>1 580.3</b>	<b>31.8</b>	<b>1 612.1</b>	<b>1 612.1</b>
Compensation of employees	709.5	759.6	746.4	811.5	16.8	828.3	828.3
Goods and services	755.9	707.6	730.4	768.8	15.0	783.8	783.8
Interest and rent on land	–	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 412.1</b>	<b>1 412.1</b>	<b>1 404.2</b>	<b>1 512.7</b>	<b>–</b>	<b>1 512.7</b>	<b>1 512.7</b>
Provinces and municipalities	836.6	836.6	836.6	889.3	–	889.3	889.3
Departmental agencies and accounts	557.9	557.9	552.2	604.6	–	604.6	604.6
Public corporations and private enterprises	0.1	0.1	–	0.1	–	0.1	0.1
Foreign governments and international organisations	14.6	14.6	12.7	15.5	–	15.5	15.5
Households	3.1	3.1	2.7	3.2	–	3.2	3.2
<b>Payments for capital assets</b>	<b>815.5</b>	<b>880.1</b>	<b>521.3</b>	<b>1 048.4</b>	<b>128.8</b>	<b>1 177.2</b>	<b>1 127.2</b>
Buildings and other fixed structures	798.5	863.0	488.0	1 031.2	123.8	1 155.0	1 105.0
Machinery and equipment	17.1	17.1	28.9	17.2	–	17.2	17.2
Software and intangible assets	–	–	4.4	–	5.0	5.0	5.0
<b>Total</b>	<b>3 693.1</b>	<b>3 759.5</b>	<b>3 402.3</b>	<b>4 141.4</b>	<b>160.6</b>	<b>4 302.0</b>	<b>4 252.0</b>

**Table 5.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	518.1	599.5	731.6	812.6	871.1	1 003.8	1 088.1
Unit cost (R million)	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Personnel numbers (head count)	4 435	4 479	5 142	5 685	5 654	5 654	5 654
<b>Part time and temporary contract employees</b>							
Compensation (R million)	19.3	9.2	9.8	10.3	10.8	11.3	11.9
Unit cost (R million)	0.1	0.1	0.4	0.4	0.4	0.4	0.4
Personnel numbers (head count)	168	62	27	27	27	27	27
<b>Interns</b>							
Compensation of interns (R million)	5.3	4.8	5.1	5.3	5.6	5.9	6.2
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	119	141	318	318	318	318	318
<b>Total for department</b>							
Compensation (R million)	542.8	613.6	746.4	828.3	887.5	1 021.0	1 106.1
Unit cost (R million)	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Personnel numbers (head count)	4 722	4 682	5 487	6 030	5 999	5 999	5 999
<b>Learnerships</b>							
Payments for learnerships (R million)	–	1.2	1.2	1.3	1.4	1.4	1.5
Number of learnerships (head count)	–	236	172	172	172	172	172

**Table 5.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	542.8	613.6	746.4	828.3	884.5	970.2	1 032.3
Training expenditure (R million)	23.1	12.8	15.2	22.0	26.1	27.5	28.5
Training as percentage of compensation	4.3%	2.1%	2.0%	2.7%	3.0%	2.8%	2.8%
Total number trained in department (head count)	1 584	4 200	4 200	4 200			
of which:							
Employees receiving bursaries (head count)	245	600	600	562			
Leaverships trained (head count)	–	236	172	172			
Internships trained (head count)	119	141	318	312			

**Table 5.D Summary of conditional grants to provinces and municipalities<sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Conditional grants to provinces</b>							
<b>2. Provision of Land and Accommodation</b>							
Devolution of property rate funds to provinces grant	585.4	710.1	836.6	889.3	996.5	1 096.2	1 162.0
<b>3. National Public Works Programme</b>							
Expanded public works programme incentive grant to provinces	–	–	–	–	151.4	400.0	800.0
<b>Total</b>	<b>585.4</b>	<b>710.1</b>	<b>836.6</b>	<b>889.3</b>	<b>1 148.0</b>	<b>1 496.2</b>	<b>1 962.0</b>
<b>Conditional grants to municipalities</b>							
<b>3. National Public Works Programme</b>							
Expanded public works programme incentive grant to local government	–	–	–	–	201.7	554.0	1 108.0
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>201.7</b>	<b>554.0</b>	<b>1 108.0</b>

1. Detail provided in the Division of Revenue Act (2009)

**Table 5.E Summary of departmental public private partnership projects**

Project description: National fleet project		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million			2008/09	2009/10	2010/11	2011/12
Projects signed in terms of Treasury Regulation 16		119.3	23.8	25.0	26.2	27.6
PPP unitary charge <sup>1</sup>		119.3	23.8	25.0	26.2	27.6
Total		119.3	23.8	25.0	26.2	27.6

1. Phavis fleet services PPP. Disclosure notes for this project can be viewed in the PPP annexure table of the Department of Transport.

Table 5.F Summary of expenditure on infrastructure

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2008/09	Medium-term expenditure estimate			
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12	
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)												
Border control operational coordinating committee: Lebombo border post	Border post	Redevelopment	Design	1 962.2	-	-	19.3	132.8	300.0	300.0	300.0	
Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)												
Border control operational coordinating committee: Skipadhek border post	Border post	Upgrading of infrastructure	Construction	859.8	0.2	5.1	5.9	65.2	150.0	150.0	150.0	
Border control operational coordinating committee: Sani-Pass	Border post	Redevelopment	Design	204.8	-	-	-	3.0	52.1	83.4	55.6	
Dolomite: Programme C2: Gauteng identified projects	Waterborne subsurface infrastructure	Replacement of waterborne subsurface infrastructure	Pre-design	177.5	-	-	-	-	52.2	66.2	59.1	
Dolomite: Programme C3: Detail upgrading of areas in Thaba Tshwane	Waterborne subsurface infrastructure	Replacement of waterborne subsurface infrastructure	Pre-design	119.5	-	-	-	-	6.2	62.7	50.7	
Dolomite: Programme C4: Upgrading in all other provinces	Waterborne subsurface infrastructure	Replacement of waterborne subsurface infrastructure	Pre-design	72.4	-	-	-	-	-	27.1	45.2	
Prestige: 120 Plein Street	Office accommodation	Refurbishment	Pre-design	190.0	-	-	-	-	15.4	136.3	38.4	
Prestige: Tuynhuys	Parliamentary complex	Refurbishment	Construction	155.9	8.0	4.4	19.5	60.7	55.5	-	-	
Re Kgabisa Tshwane programme: Agrivaal: Government Communication and Information System	Office accommodation	Upgrading	Design	350.1	-	-	-	20.0	45.7	169.9	114.4	
Re Kgabisa Tshwane programme: Government Printing Works	Office accommodation	Construction of office accommodation	Pre-design	422.0	-	-	-	-	7.2	19.3	53.1	
Re Kgabisa Tshwane programme: Salvokop	Land	Acquisition of site	Planning	66.5	-	-	-	66.5	-	-	-	



Table 5.F Summary of expenditure on infrastructure (continued)

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
					2005/06	2006/07		2009/10	2010/11		
					2007/08	2011/12					
Small projects or programmes (costing less than R50 million per annum)											
Departmental: Various centres	Various	Upgrading and construction		–	31.5	54.1	39.7	83.8	93.6	93.6	
Dolomite: Various centres	Various	Dolomite risk management		–	59.0	65.3	43.6	72.4	91.7	3.9	5.0
Border control operational coordinating committee: Various centres	Various	Border control projects		–	51.3	197.6	185.5	296.6	67.9	18.1	45.9
Prestige: Various centres	Various	Upgrading and construction		–	210.3	71.7	138.4	206.8	159.9	107.6	205.5
Re Kgabisa Tshwane programme: Various centres	Various	Development of a national government precinct		–	16.6	15.9	36.1	147.3	147.0	50.8	72.5
Total				4 580.7	376.9	414.1	488.0	1 155.0	1 205.6	1 288.9	1 288.9

# Vote 6

## Government Communication and Information System

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	112.5	111.4	–	1.1	139.4	123.4
Policy and Research	18.9	18.9	–	–	20.0	21.3
Government and Media Liaison	24.3	23.9	–	0.4	25.6	27.1
Provincial Coordination and Programme Support	57.3	57.2	–	0.1	62.2	66.1
Communication Service Agency	52.8	52.0	–	0.9	55.2	61.5
International Marketing and Media Development	182.7	–	182.7	–	195.6	167.4
Government Publication	33.4	33.4	–	–	35.1	37.9
<b>Total expenditure estimates</b>	<b>482.0</b>	<b>296.7</b>	<b>182.7</b>	<b>2.5</b>	<b>533.1</b>	<b>504.8</b>
Executive authority	Minister in the Presidency					
Accounting officer	Chief Executive Officer: Government Communication and Information System					
Website address	www.gcis.gov.za					

### Aim

*The aim of the Government Communication and Information System is to provide a comprehensive communication service on behalf of government to facilitate the involvement of the majority of South Africans in governance, reconstruction and development, nation building and reconciliation.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide for the overall management of the department.

#### Programme 2: Policy and Research

**Purpose:** Conduct communication research to provide communication advice on governance. Monitor the development and implementation of government programmes from a communication perspective.

#### Programme 3: Government and Media Liaison

**Purpose:** Coordinate effective, integrated and comprehensive communication and media liaison services across government.

#### Programme 4: Provincial Coordination and Programme Support

**Purpose:** Promote development communication. Strengthen the government communication and information system in all spheres of government. Facilitate the establishment of Thusong service centres to make services and information more accessible to the public, particularly disadvantaged communities.

### **Programme 5: Communication Service Agency**

**Purpose:** Provide core communication services to the Government Communication and Information System and other government departments, both in-house and outsourced.

### **Programme 6: International Marketing and Media Development**

**Purpose:** Market South Africa internationally. Promote local media development and diversity.

### **Programme 7: Government Publication**

**Purpose:** Create a communication vehicle that provides citizens with information on economic and other opportunities and how these can be accessed.

## **Strategic overview: 2005/06 – 2011/12**

The Government Communication and Information System is primarily responsible for a communication system for informing the public about government policies, plans and programmes, with an emphasis on socioeconomic development and direct dialogue, especially with people in disadvantaged areas.

The department markets South Africa abroad through the International Marketing Council. It promotes media development and diversity through the Media Development and Diversity Agency, a statutory development agency which aims to enable historically disadvantaged communities to gain access to the media by developing community and small media.

### **Key strategic objectives**

#### *Raising public awareness*

Key priorities over the medium term include providing ongoing communication support for, among other government targets, the millennium development goals, the Accelerated and Shared Growth Initiative for South Africa, the 2010 FIFA World Cup, and the five-year strategic agenda for local government. Over the short to medium term, the Government Communication and Information System will anchor communication on government's apex priorities to ensure visible and practical implementation of government programmes targeting the poor.

The Thusong service centres aim to provide public access to government information and services at at least one centre per local municipality by 2014. The refurbishment of the first generation Thusong service centres will improve service delivery standards, coordination and infrastructure development, and branding. The department will ensure that these service centres provide comprehensive information and services to communities through the development communication approach.

Following the power outages in early 2008, government identified the need for an ongoing awareness campaign on energy conservation for both ordinary citizens and the business sector. The Government Communication and Information System received additional funds to spearhead the campaign with other partners and key stakeholders. The campaign will continue over the MTEF period.

The 2010 FIFA World Cup is a unique communication opportunity to market South Africa as a tourism and investment destination, build national unity, and promote African solidarity. To coordinate government messaging around this global event, a dedicated communication unit has been established in the department.

In 2008, the department entered into a partnership agreement with South African Tourism to introduce a quantitative tracker of media coverage of the 2010 FIFA World Cup and the image of South Africa in 158 leading domestic and international media. The department provides government and key stakeholders with daily and weekly monitoring and qualitative analyses. The department also produced publications on government preparations for the 2010 FIFA World Cup.

*Broadening access to information*

Providing information products in all official languages for major government campaigns will continue to be a key focus area. To fulfil the objectives of the Language Bill, the Government Communication and Information System established a translation unit to facilitate communication in all official languages and empower communities with accessible information.

Over the MTEF period, the Media Development and Diversity Agency will continue to focus on giving grants for media development in rural and marginalised communities, as well as in historically diminished languages and cultural groups and inadequately serviced communities. The agency will aim to ensure that all citizens have adequate access to media in the language of their choice, thus contributing to transforming media access, ownership and control patterns in South Africa.

*Marketing South Africa abroad*

The International Marketing Council is in its sixth year of operation. Over the medium term, it aims to extend its marketing focus to the East. This will require a comprehensive marketing plan, in-depth research, media buying, and hiring a brand manager to work jointly with the Department of Foreign Affairs. Other international marketing efforts will be aimed at Russia, Brazil and the Middle East.

*Policy developments*

The gazetting of the Marketing, Advertising and Communication Industry Transformation Charter in August 2008 was a milestone for the transformation of the marketing, advertising and communication industry. The department is planning workshops with industry stakeholders on the requirements of the charter.

## Selected performance and operations indicators

Table 6.1 Government Communication and Information System

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of Thusong service centres	Provincial Coordination and Programme Support	86	96	123	136	156	176	186
Total number of information distribution points	Provincial Coordination and Programme Support	4 300	4 862	5 646	5 200	6 600	6 700	6 800
Number of new agencies appointed for panel of advertising and public relations agencies	Communication Service Agency	206	6	5	6	6	6	6
Number of new media buying briefs conducted	Communication Service Agency	112	287	206	90	130	140	140
Number of new radio advertisements/dramas produced	Communication Service Agency	25	40	40	45	45	150	150
Number of new video programmes produced	Communication Service Agency	13	9	18	13	13	13	13
Number of new requests for photographic coverage handled	Communication Service Agency	–	200	383	200	300	300	300
Number of new live broadcasts on community radio stations	Communication Service Agency	28	30	59	35	100	100	100
Number of new radio talk shows arranged	Communication Service Agency	–	39	7	40	15	15	15
Number of new government and national events covered by video	Communication Service Agency	–	66	195	100	150	150	150
Number of new graphic designs produced	Communication Service Agency	90	100	162	100	100	100	100
Number of new copies of Vuk'uzenzele magazines printed and distributed	Government Publication	7.5 million	8.9 million	9.5 million	9.5 million	9.5 million	9.5 million	9.5 million

## Expenditure estimates

Table 6.2 Government Communication and Information System

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	62.0	70.9	105.7	104.5	103.9	112.5	139.4	123.4
2. Policy and Research	13.4	12.1	18.0	19.3	20.5	18.9	20.0	21.3
3. Government and Media Liaison	15.3	16.6	18.6	22.3	22.1	24.3	25.6	27.1
4. Provincial Coordination and Programme Support	33.8	38.8	45.3	49.5	50.0	57.3	62.2	66.1
5. Communication Service Agency	34.5	32.7	37.8	57.3	56.4	52.8	55.2	61.5
6. International Marketing and Media Development	76.3	93.0	123.1	154.3	154.3	182.7	195.6	167.4
7. Government Publication	18.3	29.0	32.5	32.7	32.7	33.4	35.1	37.9
<b>Total</b>	<b>253.6</b>	<b>293.1</b>	<b>380.9</b>	<b>439.8</b>	<b>439.8</b>	<b>482.0</b>	<b>533.1</b>	<b>504.8</b>
Change to 2008 Budget estimate				21.6	21.6	5.1	19.5	20.2

### Economic classification

<b>Current payments</b>	<b>171.1</b>	<b>195.6</b>	<b>252.3</b>	<b>282.4</b>	<b>281.9</b>	<b>296.7</b>	<b>334.7</b>	<b>334.4</b>
Compensation of employees	75.0	84.1	116.2	118.2	118.0	131.2	139.8	146.9
Goods and services	96.0	109.5	136.1	164.2	163.8	165.6	194.9	187.5
of which:								
Advertising	13.2	15.0	13.3	29.1	28.9	28.8	30.2	30.8
Assets less than R5 000	1.5	2.2	2.1	2.7	2.5	4.5	16.5	5.4
Audit costs: External	0.8	1.1	1.2	1.2	1.2	1.7	1.9	1.6
Bursaries (employees)	0.7	0.5	0.5	0.6	0.6	0.7	0.7	0.7
Catering: Departmental activities	0.8	0.8	1.2	1.2	1.2	1.3	1.4	1.4
Communication	6.0	6.1	10.4	7.1	7.1	11.6	12.1	15.8
Computer services	2.9	7.8	9.8	12.2	12.0	13.0	20.2	10.9
Consultants and professional services: Business and advisory services	16.3	11.2	18.4	1.8	1.8	10.9	11.9	9.0
Consultants and professional services: Legal costs	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.1
Contractors	2.7	2.7	2.9	5.3	4.5	2.9	3.5	3.6
Agency and support / outsourced services	0.9	0.7	1.3	13.3	14.3	9.3	9.9	10.5
Inventory: Other consumables	0.3	0.6	0.8	0.2	0.2	1.0	1.1	1.0
Inventory: Stationery and printing	11.2	26.3	31.7	8.9	8.9	13.6	14.2	10.1
Lease payments	22.6	10.3	10.7	13.8	13.5	14.4	14.1	29.4
Owned and leasehold property expenditure	0.6	0.3	0.5	1.2	1.2	0.7	0.8	0.7
Travel and subsistence	10.1	12.1	13.7	16.8	16.7	13.2	14.1	14.7
Training and development	1.7	2.0	4.2	5.0	5.0	5.5	6.1	5.6
Operating expenditure	1.9	7.1	9.9	39.9	39.9	29.3	32.4	32.3
Venues and facilities	1.5	2.3	3.4	3.4	3.9	3.3	3.6	3.6
Financial transactions in assets and liabilities	0.0	2.1	0.0	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>76.6</b>	<b>93.3</b>	<b>123.3</b>	<b>154.3</b>	<b>154.5</b>	<b>182.7</b>	<b>195.6</b>	<b>167.4</b>
Provinces and municipalities	0.2	0.1	–	–	–	–	–	–
Departmental agencies and accounts	76.3	93.0	123.1	154.3	154.3	182.7	195.6	167.4
Households	0.1	0.2	0.2	0.0	0.2	–	–	–
<b>Payments for capital assets</b>	<b>5.9</b>	<b>4.2</b>	<b>5.3</b>	<b>3.1</b>	<b>3.4</b>	<b>2.5</b>	<b>2.8</b>	<b>3.0</b>
Machinery and equipment	4.7	3.3	4.6	3.1	3.4	2.5	2.8	3.0
Software and other intangible assets	1.2	0.9	0.7	–	–	–	–	–
<b>Total</b>	<b>253.6</b>	<b>293.1</b>	<b>380.9</b>	<b>439.8</b>	<b>439.8</b>	<b>482.0</b>	<b>533.1</b>	<b>504.8</b>

## Expenditure trends

Between 2005/06 and 2008/09, expenditure increased from R253.6 million to R439.8 million, at an average annual rate of 20.2 per cent. This was due mainly to: the introduction of the Vuk'uzenzele magazine; funds devolved from the Department of Public Works for office accommodation management; departmental activities in preparation for the 2010 FIFA World Cup; government's initiatives in the second economy; additional capacity in provincial offices; the branding of the first generation Thusong service centres; and the increase in the transfer of the International Marketing Council for the 2010 FIFA World Cup.

A significant part of the department's expenditure is made up of transfer payments to the International Marketing Council and the Media Development and Diversity Agency. The transfers constitute on average 32.3 per cent of total expenditure between 2005/06 and 2008/09, increasing to 33.2 per cent by 2011/12.

Over the MTEF period, expenditure will increase at an average annual rate of 4.7 per cent mainly because the Government Communication and Information System and the International Marketing Council will have completed their activities relating to the 2010 FIFA World Cup.

Over the MTEF period, the department receives additional funds of R16 million, R33.1 million, and R33.2 million. These funds will mainly be used for: accommodating the Re Kgabisa Tshwane project in 2010/11 and 2011/12; upgrading IT infrastructure at provincial offices in 2010/11; establishing an employee awareness programme for provincial offices in 2010/11 and 2011/12; the state of the nation address and the opening of parliament in 2009/10; establishing the government community radio link in 2011/12; running the energy campaign; inflation related adjustments in compensation of employees and payments for capital assets.

Over the medium term, savings of R10 million, R12.2 million and R11.6 million have been identified in goods and services, and transfer payments to public entities.

## Departmental receipts

Departmental revenue is mainly derived from the sale of publications, photos and videos, interest on outstanding debt, and the sale of advertising space in Vuk'uzenzele. It is estimated that departmental revenue will be R2.9 million per year over the MTEF period.

**Table 6.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>665</b>	<b>3 060</b>	<b>3 134</b>	<b>2 697</b>	<b>3 297</b>	<b>2 947</b>	<b>2 961</b>	<b>2 986</b>
Sales of goods and services produced by department	536	1 925	2 653	2 477	2 707	2 477	2 477	2 477
Sales of scrap, waste, arms and other used current goods	–	–	4	–	–	–	–	–
Interest, dividends and rent on land	23	244	137	120	250	210	211	222
Financial transactions in assets and liabilities	106	891	340	100	340	260	273	287
<b>Total</b>	<b>665</b>	<b>3 060</b>	<b>3 134</b>	<b>2 697</b>	<b>3 297</b>	<b>2 947</b>	<b>2 961</b>	<b>2 986</b>

## Programme 1: Administration

### Expenditure estimates

**Table 6.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	4.4	6.5	5.8	7.5	8.3	8.8	9.3
Corporate Services	48.5	55.0	89.7	83.3	87.4	110.6	78.1
Property Management	9.1	9.4	10.2	13.7	16.9	19.9	36.0
<b>Total</b>	<b>62.0</b>	<b>70.9</b>	<b>105.7</b>	<b>104.5</b>	<b>112.5</b>	<b>139.4</b>	<b>123.4</b>
Change to 2008 Budget estimate				3.4	2.0	17.9	18.0

**Table 6.4 Administration (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>58.4</b>	<b>68.4</b>	<b>102.2</b>	<b>102.8</b>	<b>111.4</b>	<b>138.1</b>	<b>121.9</b>
Compensation of employees	27.6	31.1	54.3	45.2	49.3	52.6	55.2
Goods and services	30.8	35.4	47.8	57.7	62.1	85.4	66.7
of which:							
Advertising	1.5	1.5	2.7	1.4	3.6	4.1	3.6
Assets less than R5 000	0.8	1.3	1.3	2.0	1.7	12.9	1.7
Audit costs: External	0.8	1.1	1.2	1.2	1.7	1.9	1.6
Bursaries (employees)	0.5	0.5	0.5	0.6	0.7	0.7	0.7
Catering: Departmental activities	0.2	0.3	0.4	0.5	0.6	0.6	0.6
Communication	1.0	1.1	1.6	1.4	2.1	2.3	2.1
Computer services	2.8	7.5	9.3	11.5	12.5	19.7	10.4
Consultants and professional services:	4.4	1.6	3.8	1.0	5.0	5.7	2.2
Business and advisory services							
Consultants and professional services:	0.3	0.3	0.1	0.1	0.1	0.1	0.1
Legal costs							
Contractors	0.4	0.6	0.7	2.6	0.9	1.4	1.3
Agency and support / outsourced services	0.8	0.7	0.9	5.3	1.2	1.4	1.2
Inventory: Other consumables	0.2	0.5	0.6	0.1	0.8	0.9	0.8
Inventory: Stationery and printing	2.4	3.7	5.5	2.3	7.3	7.3	2.6
Lease payments	9.7	9.7	10.2	13.4	13.6	13.3	28.5
Owned and leasehold property expenditure	0.6	0.2	0.4	1.1	0.5	0.6	0.5
Travel and subsistence	2.1	2.5	3.2	4.3	2.4	2.8	2.2
Training and development	0.9	1.0	3.3	3.0	4.4	4.9	4.3
Operating expenditure	0.8	0.7	1.2	4.6	1.6	3.3	0.8
Venues and facilities	0.5	0.6	1.0	1.1	1.3	1.5	1.3
Financial transactions in assets and liabilities	0.0	1.9	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.0</b>	<b>0.2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Households	0.0	0.0	0.2	–	–	–	–
<b>Payments for capital assets</b>	<b>3.5</b>	<b>2.5</b>	<b>3.4</b>	<b>1.7</b>	<b>1.1</b>	<b>1.3</b>	<b>1.4</b>
Machinery and equipment	2.3	1.8	2.7	1.7	1.1	1.3	1.4
Software and other intangible assets	1.2	0.7	0.7	–	–	–	–
<b>Total</b>	<b>62.0</b>	<b>70.9</b>	<b>105.7</b>	<b>104.5</b>	<b>112.5</b>	<b>139.4</b>	<b>123.4</b>

## Expenditure trends

Expenditure increased at an average annual rate of 19 per cent between 2005/06 and 2008/09 due mainly to communication programmes linked to the 2010 FIFA World Cup and the rental of Thusong service centres. The 49 per cent increase between 2006/07 and 2007/08 was mainly due to the implementation of 2010 FIFA World Cup programmes in 2007/08 and a once-off payment to the National Security Fund pension of R16.8 million.

Over the medium term, expenditure is estimated to increase at an average annual rate of 5.7 per cent due to inflation related salary adjustments. Expenditure will increase in 2010/11 and 2011/12 to cater for head office accommodation for the Re Kgabisa Tshwane project. The decrease of 11.5 per cent to the baseline in 2011/12 is due to the department completing its 2010 FIFA World Cup programmes.

## Programme 2: Policy and Research

- *Management*.
- *Policy* contributes to media, communication and information policy, and government policy on communication.
- *Research* researches the information and communication needs of government and the public.

### Objectives and measures

- Inform government's communication strategy and decisions by analysing the communications environment on a weekly, monthly and quarterly basis, and conducting quarterly research on the public's communication needs.

### Service delivery and spending focus

The tracker project continues to keep government abreast of the perceptions and information needs of the public. In 2007/08, 6 national government departments aligned with this project.

The effectiveness of various government communication products and initiatives was improved through 20 research projects.

The economic opportunities publication has been updated, and a 12-page insert on province specific programmes was included for the first time. In October 2008, a radio programme profiling government's second economy programmes and beneficiaries was broadcast on all SABC language stations.

### Expenditure estimates

**Table 6.5 Policy and Research**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	0.9	0.9	1.8	1.5	1.9	2.0	2.1
Policy	5.4	3.6	6.7	9.9	8.3	8.7	9.3
Research	7.1	7.5	9.4	7.8	8.7	9.2	9.9
<b>Total</b>	<b>13.4</b>	<b>12.1</b>	<b>18.0</b>	<b>19.3</b>	<b>18.9</b>	<b>20.0</b>	<b>21.3</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>13.4</b>	<b>12.0</b>	<b>17.9</b>	<b>19.2</b>	<b>18.9</b>	<b>20.0</b>	<b>21.3</b>
Compensation of employees	4.3	4.8	5.1	6.5	7.9	8.5	8.9
Goods and services	9.0	7.1	12.8	12.7	11.0	11.5	12.4
of which:							
Advertising	0.0	0.0	0.4	0.0	1.1	1.1	1.1
Communication	0.1	0.1	0.1	0.2	0.1	0.1	0.1
Computer services	0.1	0.2	0.1	0.3	0.1	0.1	0.1
Consultants and professional services: Business and advisory services	8.2	6.0	8.4	0.0	0.0	0.0	0.0
Agency and support / outsourced services	–	–	–	5.9	6.7	7.1	7.7
Inventory: Stationery and printing	0.1	0.1	2.7	0.2	0.2	0.2	0.2
Travel and subsistence	0.2	0.3	0.5	0.6	0.4	0.5	0.5
Training and development	0.1	0.2	0.1	0.6	0.1	0.1	0.1
Operating expenditure	0.0	0.0	0.0	5.0	2.2	2.3	2.5
Venues and facilities	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Financial transactions in assets and liabilities	–	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>–</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	–	0.1	0.1	0.0	–	–	–
Software and other intangible assets	–	0.0	–	–	–	–	–
<b>Total</b>	<b>13.4</b>	<b>12.1</b>	<b>18.0</b>	<b>19.3</b>	<b>18.9</b>	<b>20.0</b>	<b>21.3</b>



## Expenditure trends

Expenditure increased rapidly from R13.4 million in 2005/06 to R19.3 million in 2008/09, at an average annual rate of 12.9 per cent, due mainly to communication programmes on the Accelerated and Growth Initiative for South Africa and second economy initiatives. Expenditure grew by 48.6 per cent between 2006/07 and 2007/08 due mainly to the R3 million received from 12 departments to provide for the mass communication campaign on second economy interventions. Expenditure is expected to increase at an average annual rate of 3.4 per cent over the MTEF period due to inflation related salary adjustments.

## Programme 3: Government and Media Liaison

- *Management.*
- *National Liaison* coordinates the development of a communication strategy and submissions across government.
- *International and Media Liaison* provides ongoing media liaison services and coordinates external communication and marketing programmes in collaboration with national departments and other stakeholders. It also coordinates international visits, including non-media visits.
- *News Services* provides government and development related news and information to community media and national and international mainstream media.
- *Parliamentary Liaison* provides strategic communication support to government departments and liaises with parliamentary correspondents.

## Objectives and measures

- Manage communication activities across government by convening 3 government communicators' forums a year.
- Ensure consistent media reporting on the work of government by providing communication and media liaison support to government departments through regular meetings with departments, convening national and provincial communication forums, and liaising with parliamentary correspondents.
- Improve cooperation and good working relations between government and the media by convening at least 1 high level meeting a year between Cabinet and private media editors.
- Communicate government's programme of action by producing 3 daily news articles and 1 weekly feature article for the media.

## Service delivery and spending focus

In 2007/08, BuaNews produced 3 editions every weekday and 1 on weekends. By October 2008, the use of BuaNews articles by mainstream internet users had grown, with the number of hits and page impressions on the redesigned BuaNews website increasing from 211 027 in April 2008 to 341 912.

The department hosted the following meetings: 3 government communicators' forum meetings and 1 special government communication forum; 2 ministerial liaison officer forum meetings; 2 provincial heads of communications meetings; and 13 pre-Cabinet meetings. All communication clusters' strategies were drafted. Media briefings were organised for directors-general to brief the media on the progress of the clusters. In addition, parliamentary media briefings and 4 sets of programme of action media briefings were held.

Based on research, the Government Communicators' Handbook was improved.

Networking sessions promoted good relations with the media, and strategic input from the Government Communication and Information System contributed to the successful hosting of the Inter-Parliamentary Union's conference and to government media briefings.

## Expenditure estimates

**Table 6.6 Government and Media Liaison**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	3.3	3.7	4.3	4.4	4.6	4.9	5.1
National Liaison	3.6	3.8	4.0	5.1	5.6	5.9	6.3
International and Media Liaison	3.1	3.4	3.8	5.6	6.2	6.6	7.0
News Services	3.3	3.7	4.1	3.3	5.1	5.3	5.6
Parliamentary Liaison	2.0	2.0	2.4	4.0	2.8	2.9	3.1
<b>Total</b>	<b>15.3</b>	<b>16.6</b>	<b>18.6</b>	<b>22.3</b>	<b>24.3</b>	<b>25.6</b>	<b>27.1</b>
Change to 2008 Budget estimate				(0.4)	0.1	(0.2)	(0.4)
<b>Economic classification</b>							
<b>Current payments</b>	<b>15.1</b>	<b>16.3</b>	<b>18.1</b>	<b>22.0</b>	<b>23.9</b>	<b>25.1</b>	<b>26.7</b>
Compensation of employees	10.3	10.8	12.0	15.3	17.4	18.3	19.3
Goods and services	4.8	5.5	6.1	6.6	6.5	6.8	7.4
<i>of which:</i>							
Advertising	–	–	–	0.4	0.4	0.4	0.4
Assets less than R5 000	0.1	0.1	0.1	0.2	0.1	0.1	0.1
Catering: Departmental activities	0.2	0.2	0.3	0.3	0.4	0.4	0.4
Communication	0.7	0.8	0.8	0.7	0.9	0.9	1.0
Consultants and professional services: Business and advisory services	1.1	1.1	1.3	0.2	0.2	0.2	0.2
Agency and support / outsourced services	–	–	–	0.8	0.9	0.9	1.1
Inventory: Stationery and printing	0.4	0.3	0.4	0.3	0.5	0.5	0.6
Lease payments	0.1	0.2	0.1	0.1	0.1	0.2	0.2
Owned and leasehold property expenditure	–	–	0.1	–	0.1	0.1	0.1
Travel and subsistence	1.7	1.7	1.9	2.0	1.8	1.9	2.0
Training and development	0.1	0.2	0.1	0.4	0.2	0.2	0.2
Operating expenditure	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Venues and facilities	0.2	0.6	0.6	1.0	0.7	0.8	0.8
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>
Machinery and equipment	0.1	0.3	0.4	0.4	0.4	0.4	0.5
<b>Total</b>	<b>15.3</b>	<b>16.6</b>	<b>18.6</b>	<b>22.3</b>	<b>24.3</b>	<b>25.6</b>	<b>27.1</b>

## Expenditure trends

Expenditure increased at an average annual rate of 13.5 per cent between 2005/06 and 2008/09, and is estimated to increase at 6.7 per cent over the MTEF period due mainly to inflation related salary adjustments. Major cost drivers include subscription costs to the South African Press Association, the imbizo programme, media briefings on government's programme of action, BuaNews, the Government Communicators' Handbook and the annual government communicators' awards event.

## Programme 4: Provincial Coordination and Programme Support

- *Management.*
- *Provincial Coordination* manages and coordinates partnerships and stakeholders in support of provincial directorates, and provides strategic guidance and support to provincial offices, to strengthen the government communication system both provincially and locally.

- *Provincial Liaison* is responsible for: government information centres and communication partnerships in municipalities; implementing local communication and information campaigns aligned with the government communication programme; and supporting and strengthening local communication partnerships and the distribution of government information material. It is also responsible for rolling out Thusong service centres.

## Objectives and measures

- Address the communication and information needs of communities through ward liaison, information sessions and communication projects on a monthly basis.
- Improve access to government services and information by:
  - addressing identified service delivery issues at the first generation Thusong service centres by the end of 2011/12
  - facilitating the establishment and rollout of 20 second generation Thusong service centres a year in line with provincial business plans
  - increasing the existing 5 700 distribution points to 6 800 by 2011/12.

## Service delivery and spending focus

In 2007/08, the eighth annual assessment workshop for the Thusong service centre programme was held with stakeholders from national, provincial and local spheres. The Government Communication and Information System, with the South African Local Government Association and the Department of Provincial and Local Government, released a set of guidelines for local government communication. Ward councillors were trained in North West, Northern Cape and Free State.

All provincial core teams on local government communication and 38 district communication forums are operational. The forums serve as points from which communication activities for local government can be coordinated with national and provincial government.

In the first half of 2008/09, 6 Thusong service centres were operationalised, increasing the total number of operationalised centres to 129. By September 2008, 686 new distribution points were established in local municipalities. Through ward liaison visits and information sessions, 2 496 communication projects and activities were conducted by March 2008. By September 2008, 2 362 communication projects and activities had been initiated.

## Expenditure estimates

**Table 6.7 Provincial Coordination and Programme Support**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	1.1	1.0	1.2	1.2	1.4	1.4	1.5
Provincial Coordination	4.4	6.6	5.4	4.3	7.7	9.4	10.1
Provincial Liaison	28.2	31.2	38.7	44.0	48.3	51.3	54.5
<b>Total</b>	<b>33.8</b>	<b>38.8</b>	<b>45.3</b>	<b>49.5</b>	<b>57.3</b>	<b>62.2</b>	<b>66.1</b>
Change to 2008 Budget estimate				0.5	(1.9)	(2.0)	(3.9)

**Table 6.7 Provincial Coordination and Programme Support (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>32.8</b>	<b>38.2</b>	<b>44.4</b>	<b>49.4</b>	<b>57.2</b>	<b>62.1</b>	<b>65.9</b>
Compensation of employees	22.5	24.6	29.7	34.3	38.3	40.9	43.0
Goods and services	10.3	13.4	14.7	15.1	18.9	21.2	22.9
of which:							
Advertising	0.0	0.1	0.2	0.6	1.8	2.6	2.6
Assets less than R5 000	0.2	0.6	0.5	0.4	2.5	3.3	3.4
Catering: Departmental activities	0.2	0.2	0.3	0.2	0.2	0.3	0.3
Communication	1.8	1.8	2.1	2.2	2.2	2.3	2.6
Consultants and professional services: Business and advisory services	0.1	0.5	0.3	0.0	0.6	0.7	0.8
Contractors	1.3	1.3	1.7	1.6	1.6	1.7	1.9
Inventory: Other consumables	0.1	0.1	0.1	0.0	0.1	0.2	0.2
Inventory: Stationery and printing	0.4	1.1	1.3	0.5	1.3	1.4	1.5
Lease payments	0.4	0.4	0.4	0.3	0.5	0.6	0.6
Owned and leasehold property expenditure	0.0	0.1	0.0	0.1	0.1	0.1	0.1
Travel and subsistence	4.8	5.9	5.9	7.4	6.2	6.4	7.2
Training and development	0.2	0.3	0.2	0.4	0.4	0.4	0.4
Operating expenditure	0.2	0.1	0.2	0.2	0.1	0.1	0.1
Venues and facilities	0.5	0.9	1.6	1.1	1.1	1.2	1.3
Financial transactions in assets and liabilities	0.0	0.2	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Households	0.1	0.1	0.1	–	–	–	–
<b>Payments for capital assets</b>	<b>0.8</b>	<b>0.5</b>	<b>0.8</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Machinery and equipment	0.8	0.5	0.8	0.1	0.1	0.1	0.1
<b>Total</b>	<b>33.8</b>	<b>38.8</b>	<b>45.3</b>	<b>49.5</b>	<b>57.3</b>	<b>62.2</b>	<b>66.1</b>

## Expenditure trends

Expenditure increased at an average annual rate of 13.6 per cent between 2005/06 and 2008/09 due mainly to operational costs, such as travel and subsistence, and inventory, of the provincial offices. It is estimated to increase at 10.1 per cent over the MTEF period to cater for the refurbishment and branding of the first generation Thusong service centres. The moderate increase between 2008/09 and 2010/11 is due to once-off additional funds for the state of the nation address and the opening of Parliament.

## Programme 5: Communication Service Agency

- *Management.*
- *Marketing* manages government's corporate identity; develops strategies for marketing campaigns, events management, public relations campaigns and advertising; manages a government distribution network; and provides a media bulk buying service.
- *Product Development* develops broadcast strategies and products for government campaigns and projects; produces videos and radio programmes; supplies graphic design and layout services; and provides photographic services for national and provincial departments.
- *Content Development* identifies government's communication and the public's information needs; develops content for individual and transversal campaigns; provides editorial services and language translations; and produces the South Africa Yearbook.

## Objectives and measures

- Promote awareness of the opportunities that democracy has brought by conducting 130 bulk media buying briefs and 6 public relations and advertising campaigns per year.
- Support key government information campaigns by producing graphic design products, radio advertisements, radio dramas and community radio programmes; broadcasting live coverage of events; and commissioning photographic coverage of events.

- Improve and develop content for government communication campaigns and products in support of government's vision to create a better life for all.
- Provide leadership in government communication and ensure improved performance by the communication system by compiling four advertising spending reports per year over the next three years.
- Produce 45 000 copies of the South Africa Yearbook, 20 000 copies of the Pocket Guide to South Africa, and 4 000 copies of the South Africa Yearbook CD Rom.

## Service delivery and spending focus

In 2007/08, 45 000 copies of the South Africa Yearbook and 20 000 copies of the Pocket Guide to South Africa were printed. 27 000 copies of the South Africa Yearbook were distributed to schools, public libraries and tertiary institutions.

As in preceding years, in 2008/09 the Government Communication and Information System contributed to multimedia products for campaigns, celebrations and awards. The department used innovative marketing products, such as mobile communications platforms, the branding of delivery vehicles, and MXit technology, for several campaigns.

The department also assumed a leadership role in several of government's capacity building activities.

## Expenditure estimates

**Table 6.8 Communication Service Agency**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Management	1.8	2.2	2.4	2.6	2.8	3.0	3.2
Marketing	16.8	15.6	16.7	31.7	26.8	27.7	29.1
Product Development	11.6	10.2	12.7	11.8	11.9	12.8	16.7
Content Development	4.4	4.8	6.1	11.1	11.3	11.7	12.6
<b>Total</b>	<b>34.5</b>	<b>32.7</b>	<b>37.8</b>	<b>57.3</b>	<b>52.8</b>	<b>55.2</b>	<b>61.5</b>
Change to 2008 Budget estimate				15.7	7.5	7.2	9.9

  

<b>Economic classification</b>							
<b>Current payments</b>	<b>33.2</b>	<b>31.9</b>	<b>37.3</b>	<b>56.4</b>	<b>52.0</b>	<b>54.3</b>	<b>60.6</b>
Compensation of employees	8.4	10.1	11.9	13.5	14.6	15.5	16.3
Goods and services	24.9	21.8	25.4	42.9	37.4	38.8	44.3
of which:							
Advertising	10.2	10.6	8.4	25.8	20.1	20.2	21.1
Assets less than R5 000	0.4	0.1	0.2	0.0	0.2	0.2	0.2
Catering: Departmental activities	0.1	0.1	0.1	0.0	0.1	0.1	0.1
Communication	2.3	2.3	5.7	2.6	6.1	6.3	9.8
Computer services	–	–	0.3	0.5	0.3	0.4	0.4
Consultants and professional services: Business and advisory services	1.3	1.3	2.4	0.2	2.7	3.0	3.2
Contractors	0.9	0.7	0.3	1.0	0.3	0.4	0.4
Agency and support / outsourced services	0.0	0.0	0.4	0.4	0.5	0.5	0.5
Inventory: Stationery and printing	7.9	3.7	5.1	5.6	4.2	4.7	5.0
Lease payments	0.0	0.0	0.1	0.0	0.1	0.1	0.1
Travel and subsistence	1.2	1.5	1.9	2.1	2.1	2.3	2.5
Training and development	0.2	0.3	0.4	0.6	0.4	0.5	0.5
Operating expenditure	0.1	1.1	0.2	4.1	0.2	0.2	0.3
Venues and facilities	0.2	0.1	0.1	0.1	0.1	0.1	0.1
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.1</b>	<b>–</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
Households	–	0.1	–	0.0	–	–	–
<b>Payments for capital assets</b>	<b>1.3</b>	<b>0.6</b>	<b>0.6</b>	<b>0.8</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>
Machinery and equipment	1.3	0.5	0.5	0.8	0.9	0.9	1.0
Software and other intangible assets	–	0.1	0.0	–	–	–	–
<b>Total</b>	<b>34.5</b>	<b>32.7</b>	<b>37.8</b>	<b>57.3</b>	<b>52.8</b>	<b>55.2</b>	<b>61.5</b>

## Expenditure trends

Expenditure increased at an average annual rate of 18.4 per cent between 2005/06 and 2008/09 mainly due to increased dissemination of information on government's programme of action and R15 million received for the energy efficiency campaign. Over the medium term, expenditure is expected to increase at an average annual rate of 2.4 per cent because of the energy efficiency campaign and the government community radio link to be established in 2011/12.

## Programme 6: International Marketing and Media Development

- *International Marketing Council* markets South Africa internationally.
- *Media Development and Diversity Agency* promotes local media development and diversity.

## Expenditure estimates

**Table 6.9 International Marketing and Media Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
International Marketing Council	69.3	83.4	111.1	139.7	166.1	177.3	147.3
Media Development and Diversity Agency	7.0	9.6	12.0	14.6	16.6	18.3	20.1
<b>Total</b>	<b>76.3</b>	<b>93.0</b>	<b>123.1</b>	<b>154.3</b>	<b>182.7</b>	<b>195.6</b>	<b>167.4</b>
Change to 2008 Budget estimate				–	(1.3)	(2.0)	(1.7)

### Economic classification

of which:							
<b>Transfers and subsidies</b>	<b>76.3</b>	<b>93.0</b>	<b>123.1</b>	<b>154.3</b>	<b>182.7</b>	<b>195.6</b>	<b>167.4</b>
Departmental agencies and accounts	76.3	93.0	123.1	154.3	182.7	195.6	167.4
<b>Total</b>	<b>76.3</b>	<b>93.0</b>	<b>123.1</b>	<b>154.3</b>	<b>182.7</b>	<b>195.6</b>	<b>167.4</b>

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>76.3</b>	<b>93.0</b>	<b>123.1</b>	<b>154.3</b>	<b>182.7</b>	<b>195.6</b>	<b>167.4</b>
International Marketing Council	69.3	83.4	111.1	139.7	166.1	177.3	147.3
Media Development and Diversity Agency	7.0	9.6	12.0	14.6	16.6	18.3	20.1

## Expenditure trends

The International Marketing Council receives its funding mainly from the department. Funding increased from R69.3 million in 2005/06 to R139.7 million in 2008/09 at an average annual rate of 26.4 per cent, mainly to accommodate 2010 FIFA World Cup marketing activities. Over the medium term, the total funding increases from R139.7 million in 2008/09 to R147.3 million in 2011/12, slowing the average annual growth rate to 1.8 per cent due to the completion of 2010 FIFA World Cup marketing activities.

The main reason for the growth in the International Marketing Council's funding is to accelerate marketing activities towards the start of the 2009 FIFA Confederation Cup and the 2010 FIFA World Cup. In addition, global marketing costs, particularly in relation to the mass media advertising campaign, have been highly affected by currency fluctuations, with the dollar and the pound being much stronger than the rand.

The Media Development and Diversity Agency promotes local media development and diversity. The agency is funded through a transfer at the beginning of each financial year. The funds are used to support the agency's mandate of ensuring that disadvantaged communities and individuals gain access to the media.

The transfer to the agency increased at an average annual rate of 27.6 per cent between 2005/06 and 2008/09 due to new posts and higher overall administrative costs. The total budget for the print and broadcast media and the budget allocation from the Government Communication and Information System increased to R18.9 million

in 2005/06; R22.5 million in 2006/07, and R25.4 million in 2007/08. The department's allocation to the agency increased from R7 million in 2005/06 to R14.6 million in 2008/09 at an average annual rate of 27.6 per cent, due mainly to capacity building and administrative costs. The allocation to the agency over the medium term increases from R16.6 million in 2009/10 to R20.1 million in 2011/12 at an annual average rate of 11.4 per cent.

The trends in the provision of grants were influenced by stricter adherence to approving grants within the available grant funding amount between 2006/07 and 2007/08. It was also influenced by the additional mandate derived from an agreement signed between the Media Development and Diversity Agency and the Department of Communications for supporting the programme production capacity of community radio stations worth R20 million in 2008/09. The Department of Communications has not yet committed itself to the renewal of this agreement for 2009/10.

## Programme 7: Government Publication

- *Vuk'uzenzele Magazine* produces, prints and distributes the print, Braille and web versions of Vuk'uzenzele every second month, and is also responsible for the translation, marketing and advertising of the magazine.

### Objectives and measures

- Improve unmediated and direct communication by government to the public by:
  - maintaining the print run and distribution of Vuk'uzenzele at 1.6 million every second month
  - updating the electronic version of Vuk'uzenzele every second month
  - disseminating the Braille version to visually impaired individuals and organisations every second month.

### Service delivery and spending focus

In 2007/08, 1.5 million copies of the first five editions of Vuk'uzenzele, and 2 million of the sixth edition, which included the state of the nation address, were printed. The magazine was distributed in all nine provinces in peri-urban, rural and deep rural areas, with a particular focus on the poorer sectors of society. In April 2008, the print run was increased to 1.6 million copies. Vuk'uzenzele is audited by the Audit Bureau of Circulation.

### Expenditure estimates

**Table 6.10 Government Publication**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Vuk'uzenzele Magazine	18.3	29.0	32.5	32.7	33.4	35.1	37.9
<b>Total</b>	<b>18.3</b>	<b>29.0</b>	<b>32.5</b>	<b>32.7</b>	<b>33.4</b>	<b>35.1</b>	<b>37.9</b>
Change to 2008 Budget estimate				0.2	(1.8)	(1.9)	(2.1)



Table 6.10 Government Publication (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>18.1</b>	<b>28.9</b>	<b>32.4</b>	<b>32.7</b>	<b>33.4</b>	<b>35.1</b>	<b>37.9</b>
Compensation of employees	1.9	2.5	3.2	3.4	3.7	3.9	4.1
Goods and services	16.2	26.4	29.3	29.2	29.7	31.2	33.8
<i>of which:</i>							
Advertising	1.4	2.8	1.6	0.9	1.8	1.9	2.0
Communication	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Consultants and professional services: Business and advisory service	1.3	0.7	2.1	0.5	2.3	2.4	2.6
Agency and support / outsourced services	0.0	–	–	1.0	–	–	–
Inventory: Other consumables	–	0.0	–	–	–	–	–
Inventory: Stationery and printing	0.0	17.4	16.8	0.1	0.1	0.1	0.1
Lease payments	12.4	–	–	0.0	–	–	–
Travel and subsistence	0.1	0.2	0.3	0.4	0.3	0.3	0.3
Operating expenditure	0.8	5.1	8.2	26.0	25.0	26.3	28.4
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	0.2	0.1	0.0	–	–	–	–
<b>Total</b>	<b>18.3</b>	<b>29.0</b>	<b>32.5</b>	<b>32.7</b>	<b>33.4</b>	<b>35.1</b>	<b>37.9</b>

### Expenditure trends

Expenditure increased at an annual average rate of 21.3 per cent between 2005/06 and 2008/09, with the largest increase of 58.4 per cent in 2006/07 due to the launch of the magazine in the second half of 2005/06. The first full financial year of publishing was 2006/07. Expenditure over the medium term is expected to increase at an average annual rate of 5.1 per cent due to inflation related salary adjustments.



## Additional tables

**Table 6.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	100.7	106.0	105.7	101.1	3.4	104.5	103.9
2. Policy and Research	16.4	18.9	18.0	17.2	2.1	19.3	20.5
3. Government and Media Liaison	19.6	19.8	18.6	22.7	(0.4)	22.3	22.1
4. Provincial Coordination and Programme Support	46.3	46.3	45.3	49.0	0.5	49.5	50.0
5. Communication Service Agency	39.5	37.7	37.8	41.5	15.7	57.3	56.4
6. International Marketing and Media Development	123.1	123.1	123.1	154.3	–	154.3	154.3
7. Government Publication	30.2	32.2	32.5	32.5	0.2	32.7	32.7
<b>Total</b>	<b>375.8</b>	<b>384.0</b>	<b>380.9</b>	<b>418.3</b>	<b>21.6</b>	<b>439.8</b>	<b>439.8</b>

  

Economic classification							
<b>Current payments</b>	<b>250.5</b>	<b>257.9</b>	<b>252.3</b>	<b>261.7</b>	<b>20.8</b>	<b>282.4</b>	<b>281.9</b>
Compensation of employees	113.8	116.8	116.2	113.6	4.6	118.2	118.0
Goods and services	136.7	141.1	136.1	148.0	16.2	164.2	163.8
<b>Transfers and subsidies</b>	<b>123.1</b>	<b>123.3</b>	<b>123.3</b>	<b>154.3</b>	<b>0.0</b>	<b>154.3</b>	<b>154.5</b>
Departmental agencies and accounts	123.1	123.1	123.1	154.3	–	154.3	154.3
Households	–	0.2	0.2	–	0.0	0.0	0.2
<b>Payments for capital assets</b>	<b>2.2</b>	<b>2.8</b>	<b>5.3</b>	<b>2.3</b>	<b>0.8</b>	<b>3.1</b>	<b>3.4</b>
Machinery and equipment	2.2	2.8	4.6	2.3	0.8	3.1	3.4
Software and intangible assets	–	–	0.7	–	–	–	–
<b>Total</b>	<b>375.8</b>	<b>384.0</b>	<b>380.9</b>	<b>418.3</b>	<b>21.6</b>	<b>439.8</b>	<b>439.8</b>

**Table 6.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	74.6	83.6	115.3	117.5	130.3	138.9	146.0
Unit cost (R million)	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Personnel numbers (head count)	393	420	428	469	481	481	481
<b>Interns</b>							
Compensation of interns (R million)	0.5	0.5	0.9	0.8	0.9	0.9	0.9
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	25	25	25	25	25	25	25
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>75.0</b>	<b>84.1</b>	<b>116.2</b>	<b>118.2</b>	<b>131.2</b>	<b>139.8</b>	<b>146.9</b>
<b>Unit cost (R million)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
<b>Personnel numbers (head count)</b>	<b>418</b>	<b>445</b>	<b>453</b>	<b>494</b>	<b>506</b>	<b>506</b>	<b>506</b>
<b>Learnerships</b>							
Payments for learnerships (R million)	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Number of learnerships (head count)	10	10	10	10	10	10	10

**Table 6.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	75.0	84.1	116.2	118.2	132.0	141.1	148.3
Training expenditure (R million)	2.4	2.4	4.7	5.0	6.1	6.8	6.3
Training as percentage of compensation	3.1%	2.9%	4.0%	4.3%	4.6%	4.8%	4.2%
Total number trained in department (head count)	211	262	370	367			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	73	211	71	71			
<i>Leaverships trained (head count)</i>	10	10	10	10			
<i>Internships trained (head count)</i>	25	25	25	25			



# Vote 7

## National Treasury

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	188.8	181.3	1.3	6.2	200.0	211.8
Public Finance and Budget Management	208.5	199.7	7.4	1.4	210.2	217.4
Asset and Liability Management	64.4	63.7	–	0.8	67.3	69.1
Financial Management and Systems	611.7	610.9	–	0.8	644.0	669.3
Financial Accounting and Reporting	123.4	74.0	48.6	0.8	136.8	144.3
Economic Policy and International Financial Relations	87.6	81.9	5.0	0.7	94.5	99.3
Provincial and Local Government Transfers	14 410.6	–	14 410.6	–	12 433.3	14 415.3
Civil and Military Pensions, Contributions to Funds and Other Benefits	4 920.3	34.2	4 886.1	–	2 398.6	2 542.5
Fiscal Transfers	41 060.9	–	41 060.9	–	32 410.5	13 218.8
<b>Total</b>	<b>61 676.2</b>	<b>1 245.6</b>	<b>60 420.0</b>	<b>10.6</b>	<b>48 595.1</b>	<b>31 587.9</b>
<b>Direct charge against the National Revenue Fund</b>						
Provinces equitable share	231 050.9	–	231 050.9	–	253 670.5	272 934.1
State debt costs	55 268.0	55 268.0	–	–	60 140.0	66 826.0
General fuel levy sharing with metros	6 800.1	–	6 800.1	–	7 542.4	8 531.1
<b>Total expenditure estimates</b>	<b>354 795.2</b>	<b>56 513.6</b>	<b>298 270.9</b>	<b>10.6</b>	<b>369 948.0</b>	<b>379 879.0</b>
Executive authority	Minister of Finance					
Accounting officer	Director-General of the National Treasury					
Website address	www.treasury.gov.za					

### Aim

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

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide strategic leadership and support services. Manage the department.

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

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

#### Programme 3: Asset and Liability Management

**Purpose:** Manage government's financial assets and liabilities.

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

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

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

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

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

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

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

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

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

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

## **Programme 9: Fiscal Transfers**

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

## **Strategic overview: 2005/06 – 2011/12**

The Public Finance Management Act (1999) outlines the functions for which National Treasury is responsible. These are mainly: promoting government's fiscal policy framework, coordinating intergovernmental financial and fiscal relations, managing the budget process, overseeing the implementation of annual budgets, and monitoring the implementation of provincial budgets.

Over the MTEF period, National Treasury will seek to maintain macroeconomic stability, while promoting sustainable economic growth and job creation. National Treasury will embark on a number of socioeconomic, fiscal and financial management reforms, while managing government assets and liabilities and improving budget processes and international financial relations.

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

In the context of a marked deterioration in the global economic outlook and the associated slowdown in the South African economy, government's fiscal policy stance and budget plans have been revised considerably since the 2008 Budget. Longer term growth and development remain central to the policy stance, but fiscal and financial support measures aimed at sustaining investment, economic activity and employment in the face of adverse market trends will be required over the short to medium term.

Following a period of rapid economic growth and a moderate budget surplus, the fiscal position is expected to move into deficit in the period ahead. Supporting the investment plans of state owned enterprises, realigning the role of development finance institutions and targeted tax and spending adjustments will contribute to mitigating the effects of the global slowdown.

The Treasury's work on longer term expenditure monitoring, review of programmes and capital projects and support for improved financial management of programmes and government agencies is particularly important

in the current circumstances. The Treasury's work will continue to focus on value for money and improved efficiency in public service delivery, as well as accelerating programmes that have proved to be effective in contributing to transformation and broadening development. Programmes and projects that will come under the spotlight in the period ahead include:

- the expanded public works programme, which will be supported through a new incentive based funding arrangement in the 2009 Budget
- the financing requirements of the 2010 FIFA World Cup, including completing stadiums and meeting other infrastructure and logistical commitments on time
- health, education and other departmental budgets that need to be adjusted to the phasing in of new public service remuneration arrangements and associated initiatives to address management and service quality challenges
- social security and social insurance reforms, including unemployment benefits, health insurance and contributory retirement savings arrangements, which need to be implemented
- the criminal justice system, which needs to be modernised and renewed, including improved court processes and detection capacity and forensic support services
- planning and project assessment in the energy, transport, communications and other infrastructure sectors, which needs to be improved.

### Intergovernmental fiscal relations

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

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

### Managing public sector debt and government assets

A further priority for National Treasury is the prudent management of government's financial assets and liabilities, including the domestic and foreign debt portfolios. Government's debt management policies will continue to support the broader macroeconomic objectives and borrowing by state owned enterprises. Increasing the operational efficiency of public entities through financial oversight remains a focus area.

### Financial and regulatory management reform

A key objective of National Treasury is to ensure a robust and effective regulatory system for the financial and banking sectors, and to respond to the need to expand access to households and businesses not traditionally covered by the financial sector. A regulatory impact assessment function has been designed and is being implemented in conjunction with the Presidency to enable better Cabinet oversight of regulations and laws.

Implementation of the integrated financial management system is progressing and the procurement module and asset management modules will be tested in lead departments in 2009/10.

While there has been an improvement in the audit reports of many public entities, there are still serious challenges in financial management and governance. The rolling out of the financial management capability model by the office of the accountant-general is aimed at providing an accurate indicator of the weaknesses; and the extent of the need for support and capacity building. This will help focus support on where it is most needed.

## The infrastructure delivery implementation programme

The infrastructure delivery implementation programme has brought about significant improvement in the management of infrastructure through improvements in the planning and project management practices guided by the toolkit. The programme was initially implemented in the provincial departments of education and public works from 2006/07, after a pilot programme was carried out in the Department of Education in 2004.

## Organisational environment

National Treasury's organisational environment and strategic direction are supported by four internal strategic priorities: improving coordination and communication; matching resources to workloads; developing human resource strategies to address attraction and retention challenges; and developing management skills.

The attraction and retention of skills continues to be a challenge. Improving the already successful internship programme will continue to add to the talent pool, especially in the scarce skills area. Another programme that provides a way for prospective chartered accountants to receive training is the training outside of public practice programme, and its success to date suggests that there is potential for more collaboration between National Treasury, the South African Institute of Chartered Accountants and the local government metropolitan municipalities to expand the programme to a wider public sector base. The proposed expansion should attract more trainees to the public sector.

## Key policy developments

### *Improving accountability*

National Treasury continually stresses the importance of publishing regular and reliable financial and non-financial information about government functions and activities, focusing on improved accountability to both Parliament and the public to make planning and budgeting more effective. In support of this principle, in 2009/10, it will continue its efforts at aligning the allocation of resources with expected outputs from departments in line with its focus on improved performance information and better formulated programme objectives.

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

The annual Division of Revenue Bill is being reviewed to further streamline the intergovernmental grant system. The ultimate objective of the review process is to ensure that the grant system contributes to better and quicker decision making, improved accountability and accelerated service delivery. In relation to implementing the Municipal Finance Management Act (2003), finalising the regulatory framework for the transfer of assets of municipalities and the preparation of new budget formats for implementation in all municipalities over the medium term remains a priority.

### *Monitoring the implementation of the Public Finance Management Act*

The Public Finance Management Act (1999) is now in its ninth year of implementation, and to date, institutions have made significant progress with its implementation. Yet there are areas of financial management that still require improvement. National Treasury is thus aiming to determine the level of financial maturity that departments have reached since the beginning of the implementation of the act. It has commissioned the development of a data bank of questions against which departments will be evaluated. The questions will be linked to a financial management capability maturity model, which will give a good indication of how financially mature a department is.

### *Improving financial oversight of state owned enterprises*

State owned enterprises are important for lowering the cost of doing business in South Africa and promoting economic growth and development. They continue to invest in financial resources and key infrastructure projects that are intended to attract higher levels of sustainable investment. Their operational efficiency can be improved by better financial oversight. Financial modelling, including setting realistic capital structure and dividend payment targets, as well as assessing funding alternatives, should improve future financial

performance and sustainability. The assessment of their treasury operations will encourage greater adherence to best practice in treasury management.

## Selected performance and operations indicators

**Table 7.1 National Treasury**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Value of government gross annual borrowing	Asset and Liability Management	R31.4bn	R34.8bn	R16.1bn	R46.2bn	R109.2bn	R94.9bn	R87.5bn
Cost to service debt as percentage of GDP	Asset and Liability Management	3.2%	2.9%	2.6%	2.4%	2.2%	2.2%	2.3%
Net loan debt as a percentage of GDP	Asset and Liability Management	29.6%	26.4%	23.4%	22.6%	25.6%	27.1%	27.4%
Number of training courses presented on implementation of financial management reforms per year	Financial Accounting and Reporting	282	81	217	300	300	300	300
Number of individuals trained each year to assist with implementation of financial management reforms	Financial Accounting and Reporting	6 688	2 084	4 204	6 000	6 000	6 000	6 000
Percentage of identified transversal contracts with strategic sourcing principles introduced	Financial Accounting and Reporting	54.3% 32	72% 42	80% 47	85% 35	100% 20	100% 37	100% (59 contracts)
Number of beneficiaries receiving special pension payments	Civil and Military Pensions, Contributions to Funds and Other Benefits	6 059	6 112	6 234	6 359	6 486	6 616	7 200
Number of beneficiaries receiving post-retirement medical benefits	Civil and Military Pensions, Contributions to Funds and Other Benefits	69 007	67 141	68 417	69 767	71 117	72 467	72 467
Number of contributions to medical aid schemes paid on behalf of members	Civil and Military Pensions, Contributions to Funds and Other Benefits	72 799	72 799	67 780	71 169	74 627	76 119	79 500
Number of military pension benefits paid to beneficiaries	Civil and Military Pensions, Contributions to Funds and Other Benefits	6 885	6 885	4 630	6 468	7 024	7 054	7 054
Number of technical assistants assigned to each province each year to assist in building infrastructure delivery capacity through the infrastructure delivery improvement programme	Public Finance and Budget Management	23	23	30	34	34	13	0
Number of municipalities receiving hands-on support from the financial management grant each year	Provincial and Local Government Transfers	35	41	44	283	283	283	283
Total number of neighbourhood development partnership grant projects granted award status	Provincial and Local Government Transfers	–	33	72	80	90	96	100
Total number of neighbourhood development partnership grant projects under construction	Provincial and Local Government Transfers	–	–	4	7	15	40	50
Real growth in consolidated national and provincial public spending (excluding interest costs)	Public Finance and Budget Management	11.4%	10.2%	10.9%	11.5%	4.3%	1.5%	1.6%
General government savings as a percentage of GDP	Public Finance and Budget Management	(0.6%)	0.9%	1.7%	–	–	–	–



## Expenditure estimates

Table 7.2 National Treasury

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	143.0	161.6	177.6	199.4	196.1	188.8	200.0	211.8
2. Public Finance and Budget Management	121.1	138.5	212.0	227.1	232.0	208.5	210.2	217.4
3. Asset and Liability Management	30.2	41.3	57.8	69.3	67.5	64.4	67.3	69.1
4. Financial Management and Systems	225.9	190.8	261.4	300.1	261.7	611.7	644.0	669.3
5. Financial Accounting and Reporting	61.3	71.4	105.2	212.2	208.5	123.4	136.8	144.3
6. Economic Policy and International Financial Relations	52.8	68.9	93.2	93.8	91.0	87.6	94.5	99.3
7. Provincial and Local Government Transfers	3 371.6	5 443.7	6 992.7	7 938.0	7 651.7	14 410.6	12 433.3	14 415.3
8. Civil and Military Pensions, Contributions to Funds and Other Benefits	2 010.9	2 048.7	2 176.8	2 313.7	2 296.0	4 920.3	2 398.6	2 542.5
9. Fiscal Transfers	7 084.0	8 006.0	8 889.3	20 070.5	20 070.5	41 060.9	32 410.5	13 218.8
<b>Subtotal</b>	<b>13 100.7</b>	<b>16 171.0</b>	<b>18 966.2</b>	<b>31 424.2</b>	<b>31 075.0</b>	<b>61 676.2</b>	<b>48 595.1</b>	<b>31 587.9</b>
<b>Direct charge against the National Revenue Fund</b>	<b>186 203.6</b>	<b>202 945.1</b>	<b>225 738.6</b>	<b>257 935.9</b>	<b>258 290.9</b>	<b>293 119.0</b>	<b>321 352.9</b>	<b>348 291.2</b>
Provinces equitable share	135 291.6	150 752.9	172 861.5	204 009.9	204 009.9	231 050.9	253 670.5	272 934.1
State debt costs	50 912.0	52 192.2	52 877.1	53 926.0	54 281.0	55 268.0	60 140.0	66 826.0
General fuel levy sharing with metros	–	–	–	–	–	6 800.1	7 542.4	8 531.1
<b>Total</b>	<b>199 304.4</b>	<b>219 116.1</b>	<b>244 704.7</b>	<b>289 360.1</b>	<b>289 365.9</b>	<b>354 795.2</b>	<b>369 948.0</b>	<b>379 879.0</b>
Change to 2008 Budget estimate				17 428.9	17 434.7	53 868.2	45 587.5	36 148.5

### Economic classification

	51 522.8	52 844.9	53 742.8	54 886.9	55 196.8	56 513.6	61 447.7	68 190.1
<b>Current payments</b>								
Compensation of employees	199.4	230.9	272.7	314.3	318.3	334.2	368.8	395.1
Goods and services	403.3	415.5	588.3	646.6	597.5	911.4	938.9	969.1
<i>of which:</i>								
Administrative fees	6.9	7.6	9.7	10.2	10.2	7.6	7.4	7.0
Advertising	3.6	3.5	3.3	3.7	3.7	3.8	4.1	3.5
Assets less than R5 000	7.1	3.4	1.5	1.9	1.9	1.8	1.7	1.9
Audit costs: External	6.4	9.5	9.5	6.1	6.1	11.0	12.9	13.5
Bursaries (employees)	0.9	0.8	1.2	2.4	2.4	2.9	3.1	3.2
Catering: Departmental activities	0.0	2.1	2.6	2.9	2.9	3.3	2.7	3.4
Communication	8.0	5.6	6.2	6.5	6.5	6.6	7.1	7.5
Computer services	195.8	168.0	245.1	280.4	242.0	585.5	614.7	635.8
Consultants and professional services: Business and advisory services	77.4	112.1	176.5	162.5	153.9	115.4	130.8	129.9
Consultants and professional services: Legal costs	3.4	11.0	11.5	7.3	7.3	10.3	10.9	11.4
Contractors	3.1	2.8	1.5	8.2	8.2	4.2	3.3	2.3
Agency and support / outsourced services	0.1	–	–	12.1	12.1	6.8	7.4	7.3
Entertainment	2.0	0.2	0.3	0.6	0.6	0.5	0.5	0.6
Inventory: Food and food supplies	0.3	0.4	0.5	0.4	0.4	0.4	0.4	0.5
Inventory: Fuel, oil and gas	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.3
Inventory: Materials and supplies	2.2	0.8	1.1	0.3	0.3	0.0	0.0	0.0
Inventory: Other consumables	0.8	0.7	0.9	3.2	3.2	1.6	1.6	1.7
Inventory: Stationery and printing	12.3	12.7	12.8	13.4	13.4	14.6	15.5	16.3
Lease payments	1.7	18.3	25.6	21.1	21.1	22.4	23.6	25.3
Owned and leasehold property expenditure	21.7	–	4.3	17.7	17.7	12.0	12.6	13.4
Travel and subsistence	23.0	26.4	38.7	42.0	41.7	38.8	42.1	43.5
Training and development	16.5	9.3	12.3	16.8	15.0	33.6	20.9	23.6
Operating expenditure	2.6	9.5	5.4	6.9	6.9	4.2	4.4	4.6
Venues and facilities	7.4	10.5	17.6	19.8	19.8	24.0	10.8	12.7
Interest and rent on land	50 912.0	52 192.2	52 877.1	53 926.0	54 281.0	55 268.0	60 140.0	66 826.0
Financial transactions in assets and liabilities	8.0	6.3	4.7	–	–	–	–	–

**Table 7.2 National Treasury (continued)**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>147 764.0</b>	<b>166 259.8</b>	<b>190 948.9</b>	<b>234 463.0</b>	<b>234 159.0</b>	<b>298 270.9</b>	<b>308 487.8</b>	<b>311 676.9</b>
Provinces and municipalities	138 663.9	156 146.9	179 854.2	211 862.9	211 654.4	252 182.2	273 522.4	295 781.5
Departmental agencies and accounts	6 652.1	7 203.1	8 218.6	9 526.4	9 448.6	10 352.7	11 700.2	12 449.1
Universities and technikons	0.8	3.5	2.3	5.5	5.5	5.5	5.0	5.0
Public corporations and private enterprises	72.1	312.2	222.4	10 246.8	10 246.8	30 267.5	20 282.7	296.8
Foreign governments and international organisations	392.8	576.6	503.8	542.4	542.4	579.5	614.7	640.0
Non-profit institutions	0.1	–	0.1	0.1	0.1	0.1	0.1	0.1
Households	1 982.3	2 017.5	2 147.4	2 278.9	2 261.2	4 883.5	2 362.7	2 504.5
<b>Payments for capital assets</b>	<b>17.5</b>	<b>11.4</b>	<b>13.0</b>	<b>10.1</b>	<b>10.1</b>	<b>10.6</b>	<b>12.5</b>	<b>12.0</b>
Machinery and equipment	16.5	11.4	13.0	10.5	10.5	10.6	12.5	12.0
Software and other intangible assets	1.1	–	–	(0.3)	(0.3)	–	–	–
<b>Total</b>	<b>199 304.4</b>	<b>219 116.1</b>	<b>244 704.7</b>	<b>289 360.1</b>	<b>289 365.9</b>	<b>354 795.2</b>	<b>369 948.0</b>	<b>379 879.0</b>

## Expenditure trends

Most of National Treasury's direct expenditure goes towards transfer payments. These include provincial and local government transfers, civil and military pension payments, and transfers to the South African Revenue Service and the Secret Services. Between 2005/06 and 2008/09, expenditure increased from R13.1 billion to R31.4 billion, at an average annual rate of 33.9 per cent, due to a R10 billion transfer to Eskom for the subordinated loan in 2008/09.

Expenditure is expected to increase at a much slower rate over the MTEF period, from R31.4 billion in 2008/09 to R31.6 billion in 2011/12 at an average annual rate of 0.2 per cent. This is mainly due to increases in transfers to the infrastructure grant to provinces, the Eskom subordinated loan, the South African Revenue Service and Secret Services, and the slower rate of growth due to the efficiency savings that have been implemented and a revision of the department's baseline. Increased spending on the operational budget over the medium term is mainly due to the implementation of the integrated financial management system, the rollout of training programmes in conjunction with the Public Administration Leadership and Management Academy (PALAMA), improving the infrastructure development improvement programme, and implementing the back office support system.

The department is responsible for the main statutory transfers to provincial governments. More information on these transfers can be found in chapter 7 and annexure E of the 2009 Budget Review and the 2009 Division of Revenue Bill. The sharing of the general fuel levy for metropolitan municipalities, previously known as the Regional Services Council levy replacement grant, has been shifted to National Treasury from the Department of Provincial and Local Government from April 2009 and is included in the direct charges. There is also a provision for servicing government's debt obligations, which are a direct charge against the National Revenue Fund in terms of section 73 of the Public Finance Management Act (1999).

Over the MTEF period, savings of R210.2 million, R262.1 million and R269.8 million have been identified. They will be made under goods and services and transfers to public entities.

## Departmental receipts

The main items of revenue are the interest on government deposits and dividends received from the South African Reserve Bank. Over the medium term, revenue is expected to decrease from R5.1 billion in 2008/09 to R4.4 billion in 2011/12, at an average annual rate of 4.9 per cent. Interest on exchequer investments is affected by domestic and international interest rates, exchange rates and the level of government's cash balances.

**Table 7.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>2 520 026</b>	<b>4 355 125</b>	<b>5 095 776</b>	<b>5 084 709</b>	<b>5 623 300</b>	<b>4 898 454</b>	<b>4 503 352</b>	<b>4 399 142</b>
Sales of goods and services produced by department	51 125	36 274	45 215	48 503	59 994	51 475	54 565	57 840
Sales of scrap, waste, arms and other used current goods	5	—	—	6	6	7	6	5
Fines, penalties and forfeits	—	—	—	—	—	835	885	938
Interest, dividends and rent on land	2 428 979	4 281 186	4 884 243	4 680 005	5 207 105	4 215 669	4 191 538	4 068 620
Sales of capital assets	—	309	—	169	169	—	—	—
Financial transactions in assets and liabilities	39 917	37 356	166 318	356 026	356 026	630 468	256 358	271 739
<b>Extraordinary receipts</b>	<b>2 650 000</b>	<b>365 000</b>	<b>1 340 150</b>	<b>—</b>	<b>2 151 500</b>	<b>—</b>	<b>—</b>	<b>—</b>
Foreign exchange amnesty proceeds	2 650 000	—	—	—	—	—	—	—
The Gold and Foreign Exchange Contingency Reserve Account	—	365 000	319 273	—	—	—	—	—
Special restructuring proceeds from SASRIA	—	—	—	—	2 150 000	—	—	—
Levy accounts from South African Reserve Bank	—	—	1 020 877	—	1 500	—	—	—
<b>Total</b>	<b>5 170 026</b>	<b>4 720 125</b>	<b>6 435 926</b>	<b>5 084 709</b>	<b>7 774 800</b>	<b>4 898 454</b>	<b>4 503 352</b>	<b>4 399 142</b>

## Programme 1: Administration

### Expenditure estimates

**Table 7.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	0.9	1.0	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.7	0.7	0.8	1.3	1.4	1.5	1.6
Management	21.1	35.0	43.7	36.5	42.0	44.4	45.7
Corporate Services	67.1	88.0	95.8	102.6	96.3	102.6	110.0
Property Management	53.2	37.0	36.5	57.3	47.4	49.7	52.6
<b>Total</b>	<b>143.0</b>	<b>161.6</b>	<b>177.6</b>	<b>199.4</b>	<b>188.8</b>	<b>200.0</b>	<b>211.8</b>
Change to 2008 Budget estimate				17.8	(8.0)	(4.9)	(4.0)

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

Table 7.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>131.1</b>	<b>156.7</b>	<b>167.5</b>	<b>194.7</b>	<b>181.3</b>	<b>190.3</b>	<b>202.7</b>
Compensation of employees	42.2	52.0	61.1	66.0	63.7	72.8	81.0
Goods and services	88.7	102.1	106.3	128.6	117.5	117.5	121.7
of which:							
Administrative fees	2.9	3.0	3.4	4.3	2.7	2.7	2.3
Advertising	0.8	0.7	0.7	1.0	1.1	1.1	0.9
Assets less than R5 000	6.3	2.9	1.1	0.8	0.8	0.8	0.9
Audit costs: External	3.7	4.9	3.3	2.2	3.6	3.9	4.3
Bursaries (employees)	0.2	0.1	0.3	0.5	0.7	0.8	0.7
Catering: Departmental activities	–	0.6	0.7	0.7	1.0	1.0	1.1
Communication	6.0	3.8	3.8	3.7	4.3	4.6	4.9
Computer services	6.7	13.9	18.3	21.7	18.6	19.1	19.9
Consultants and professional services:	17.0	22.0	19.6	19.4	10.5	6.3	6.2
Business and advisory services							
Consultants and professional services:	3.4	10.6	10.8	7.1	10.1	10.9	11.3
Legal costs							
Contractors	1.9	1.2	1.3	7.2	3.6	2.1	1.6
Agency and support / outsourced services	–	–	–	0.7	6.1	6.5	6.6
Entertainment	0.5	0.1	0.2	0.3	0.2	0.2	0.2
Inventory: Food and food supplies	0.3	0.4	0.5	0.4	0.4	0.4	0.5
Inventory: Fuel, oil and gas	0.1	0.1	0.2	0.2	0.2	0.2	0.3
Inventory: Materials and supplies	2.2	0.7	1.1	0.2	0.0	0.0	0.0
Inventory: Other consumables	0.8	0.7	0.9	2.5	1.5	1.6	1.7
Inventory: Stationery and printing	3.4	2.8	3.4	3.2	3.9	4.1	4.7
Lease payments	0.6	17.1	17.8	19.3	20.5	21.5	23.0
Owned and leasehold property expenditure	21.7	–	4.3	17.7	12.0	12.6	13.4
Travel and subsistence	6.5	6.7	9.9	10.7	11.5	12.3	12.1
Training and development	2.7	2.9	3.9	1.7	2.1	2.6	3.0
Operating expenditure	1.0	6.2	0.4	1.4	1.4	1.4	1.4
Venues and facilities	0.2	0.6	0.5	1.7	0.8	0.8	0.8
Financial transactions in assets and liabilities	0.2	2.6	0.1	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.3</b>	<b>0.8</b>	<b>2.7</b>	<b>1.1</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Public corporations and private enterprises	0.0	0.0	0.1	0.0	0.1	0.1	0.1
Households	–	0.6	2.4	0.8	1.0	1.0	1.1
<b>Payments for capital assets</b>	<b>11.5</b>	<b>4.1</b>	<b>7.4</b>	<b>3.7</b>	<b>6.2</b>	<b>8.3</b>	<b>7.7</b>
Machinery and equipment	10.6	4.1	7.4	3.7	6.2	8.3	7.7
Software and other intangible assets	0.9	–	–	–	–	–	–
<b>Total</b>	<b>143.0</b>	<b>161.6</b>	<b>177.6</b>	<b>199.4</b>	<b>188.8</b>	<b>200.0</b>	<b>211.8</b>

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>
Finance, Accounting, Management, Consulting and other Financial Services	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Sector Education and Training Authority							

## Expenditure trends

Expenditure between 2005/06 and 2008/09 increased from R143 million to R199.4 million at an average annual rate of 11.7 per cent, mainly due to the rollout of the integrated document management system, the maintenance of the PABX telephone system, recruitment drive initiatives, the implementation of the internal audit strategy, increased legal costs, and the centralisation of internship intakes.

Between 2008/09 and 2009/10, expenditure is expected to decrease by 5.3 per cent, reaching R188.8 million in 2009/10. This is because of the once-off cost for the maintenance of the PABX telephone system and the lower spending on the accommodation optimisation plan. Expenditure over the MTEF period will stabilise at an average annual rate of 2 per cent.

## Programme 2: Public Finance and Budget Management

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

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

## Objectives and measures

- Give effect to government's economic, fiscal, social and development goals by preparing annual Budget frameworks and medium term expenditure recommendations.
- Improve financial management by promoting sound planning, budgeting and project management, including by giving support to public finance reforms in provinces and municipalities through training and issuing guidelines.
- Promote public and private investment in infrastructure and public services by providing technical support for public private partnerships, advising on financing alternatives for municipal development, and providing financial assistance for neighbourhood development projects.
- Promote transparency and access to information on government budgeting and expenditure by publishing the Budget Review, the Estimates of National Expenditure, provincial and local government budget and expenditure reviews, the medium term budget policy statement and appropriation legislation, which contain relevant, accurate and clear financial information and associated indicators of service delivery and performance according to the various guidelines.
- Promote improved planning and analysis of public expenditure and service delivery and the appropriate use of public and private financial resources for social and economic development and infrastructure investment by analysing expenditure and performance information and compiling quarterly reports.
- Contribute to policy development, planning and improved financial management through advice and technical assistance to support public service delivery, infrastructure development and improved public administration.
- Support project management and sound financing arrangements for South Africa's hosting of the 2010 FIFA World Cup by continuously providing advice and ensuring appropriate funding of projects related to the event.

## Service delivery and spending focus

Through the intergovernmental relations division, National Treasury has played a major role in compiling municipal and provincial budgets and quarterly reports, as required in terms of section 32 of the Public Finance Management Act (1999) and section 71 of the Municipal Finance Management Act (2003). The reports have assisted in building the oversight information base required for councillors and parliamentarians to play a more meaningful role with improved information at their disposal in monitoring performance.

## Expenditure estimates

**Table 7.5 Public Finance and Budget Management**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Public Finance	27.2	25.8	31.6	34.8	35.4	37.2	40.4
Budget Office	26.8	28.3	29.9	34.5	35.4	37.6	40.4
Intergovernmental Relations	42.4	26.2	30.4	37.3	38.2	40.8	42.9
Technical and Management Support	24.7	58.3	120.1	120.6	99.5	94.6	93.7
<b>Total</b>	<b>121.1</b>	<b>138.5</b>	<b>212.0</b>	<b>227.1</b>	<b>208.5</b>	<b>210.2</b>	<b>217.4</b>
Change to 2008 Budget estimate				31.2	2.6	1.7	1.1
<b>Economic classification</b>							
<b>Current payments</b>	<b>113.2</b>	<b>129.7</b>	<b>204.6</b>	<b>201.9</b>	<b>199.7</b>	<b>202.0</b>	<b>209.3</b>
Compensation of employees	65.0	71.9	89.7	102.7	108.1	114.2	122.3
Goods and services	48.2	57.8	114.9	99.2	91.5	87.8	87.1
<i>of which:</i>							
Administrative fees	2.0	2.1	2.5	2.4	1.2	1.5	1.5
Advertising	1.2	1.7	1.2	1.1	0.8	1.2	0.7
Bursaries (employees)	0.3	0.4	0.3	0.5	0.5	0.5	0.5
Catering: Departmental activities	–	0.8	1.0	1.2	1.2	0.6	1.2
Communication	0.4	0.5	0.6	0.6	0.6	0.7	0.7
Computer services	0.1	–	0.3	1.0	0.3	0.4	0.4
Consultants and professional services: Business and advisory services	28.0	33.5	90.7	64.4	39.0	61.7	57.7
Agency and support / outsourced services	–	–	–	6.1	0.3	0.4	0.2
Inventory: Stationery and printing	6.0	7.0	5.8	6.2	6.5	6.9	7.0
Lease payments	0.3	0.5	0.6	0.6	0.7	0.8	0.9
Travel and subsistence	6.2	7.6	8.0	9.8	10.1	11.2	11.5
Training and development	1.1	1.3	1.7	1.9	14.9	0.7	2.1
Operating expenditure	0.3	0.8	0.7	0.6	0.3	0.3	0.3
Venues and facilities	0.7	1.2	1.0	1.9	14.4	0.4	1.6
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>6.7</b>	<b>6.6</b>	<b>6.0</b>	<b>23.5</b>	<b>7.4</b>	<b>6.9</b>	<b>6.9</b>
Provinces and municipalities	0.2	0.1	–	–	–	–	–
Departmental agencies and accounts	6.0	6.0	6.0	23.0	7.0	6.9	6.9
Universities and technikons	–	–	–	0.5	0.5	–	–
Public corporations and private enterprises	0.5	0.5	–	–	–	–	–
<b>Payments for capital assets</b>	<b>1.3</b>	<b>2.3</b>	<b>1.4</b>	<b>1.7</b>	<b>1.4</b>	<b>1.3</b>	<b>1.2</b>
Machinery and equipment	1.3	2.3	1.4	1.8	1.4	1.3	1.2
Software and other intangible assets	0.0	–	–	(0.0)	–	–	–
<b>Total</b>	<b>121.1</b>	<b>138.5</b>	<b>212.0</b>	<b>227.1</b>	<b>208.5</b>	<b>210.2</b>	<b>217.4</b>

Table 7.5 Public Finance and Budget Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>23.0</b>	<b>7.0</b>	<b>6.9</b>	<b>6.9</b>
Technical Assistance Unit Trading Entity	–	–	–	17.0	1.0	1.0	1.0
Project Development Facility Trading Account	6.0	6.0	6.0	6.0	6.0	5.9	5.9

## Expenditure trends

Expenditure between 2005/06 and 2008/09 increased substantially at an average annual rate of 23.3 per cent, from R121.1 million to R227.1 million. This was mainly due to increases in professional and advisory capacity for technical assistance projects falling within the project management framework. The framework is financed through the technical assistance unit trading account created in 2008/09. Further increases in expenditure relate to the 2010 FIFA World Cup, as well as improving the implementation of the infrastructure delivery improvement programme.

Expenditure over the MTEF period will decrease at an average annual rate of 1.4 per cent from R227.1 million in 2008/09 to R217.5 million in 2011/12. This is reflected in the expected decrease in the advisory services budget as the infrastructure delivery improvement programme is being phased out.

## Programme 3: Asset and Liability Management

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

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

## Objectives and measures

- Oversee state owned enterprises by reviewing corporate plans and annual reports.
- Finance government's gross borrowing requirements of R109.2 billion by March 2010 through borrowing money from the domestic and international markets.
- Improve the affordability of government debt by reducing the net loan debt and the cost to service debt to 25.6 per cent and 2.2 per cent of GDP by March 2010.
- Ensure that government's liquidity requirements are met consistently through sound forecasting of R2 trillion of cash flows by March 2010.
- Enable government to control financial risks and attract investment by reviewing credit, debt, country ratings and contingent liability risk benchmarks and ensuring adherence to these standards by March 2010.



## Service delivery and spending focus

Initiatives such as diversifying debt instruments and improving liquidity by creating benchmark bonds, have enabled government to develop the domestic market and finance its borrowing requirement, despite the global financial market turmoil. In 2008/09, a successful bond switch programme was introduced in which R57.8 billion of short term bonds were switched to long term bonds, thus reducing refinancing risk. The programme was active in 2008/09 and may continue into 2009/10.

The department introduced a new sales channel to promote the accessibility of retail bonds, which can now be purchased at Pick n Pay retail outlets.

The department submitted the review report of development finance institutions and a financial review on the Pebble Bed Modular Reactor project to Cabinet.

## Expenditure estimates

**Table 7.6 Asset and Liability Management**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	4.0	11.3	16.5	29.5	19.1	19.8	18.8
Asset Management	6.0	8.6	16.1	12.3	15.3	16.1	16.8
Liability Management	7.9	9.1	9.2	10.9	12.3	12.9	13.5
Financial Operations	7.2	7.9	11.3	10.6	11.3	11.8	12.4
Strategy and Risk Management	5.1	4.4	4.8	6.0	6.4	6.7	7.6
<b>Total</b>	<b>30.2</b>	<b>41.3</b>	<b>57.8</b>	<b>69.3</b>	<b>64.4</b>	<b>67.3</b>	<b>69.1</b>
Change to 2008 Budget estimate				8.0	3.0	6.6	4.9

### Economic classification

<b>Current payments</b>	<b>29.3</b>	<b>40.5</b>	<b>55.3</b>	<b>68.6</b>	<b>63.7</b>	<b>66.6</b>	<b>68.3</b>
Compensation of employees	21.9	26.0	30.1	35.1	41.3	45.4	48.0
Goods and services	7.4	14.5	25.3	33.5	22.3	21.2	20.3
<i>of which:</i>							
Administrative fees	0.2	0.3	0.5	0.5	1.0	1.0	1.1
Advertising	0.4	0.6	0.4	0.4	0.6	0.6	0.6
Audit costs: External	0.4	0.4	0.4	0.5	0.5	0.5	0.6
Bursaries (employees)	0.1	0.1	0.3	0.3	0.6	0.7	0.7
Communication	0.3	0.3	0.3	0.4	0.5	0.5	0.6
Computer services	1.8	2.3	4.1	5.4	3.0	4.8	3.1
Consultants and professional services: Business and advisory services	0.5	6.2	15.0	20.5	8.7	5.3	5.6
Inventory: Stationery and printing	0.3	0.5	0.5	0.6	0.9	0.9	1.0
Lease payments	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Travel and subsistence	1.7	1.5	2.0	2.8	3.5	3.7	3.8
Training and development	0.6	0.5	0.5	0.6	0.9	0.9	1.0
Operating expenditure	0.4	0.6	0.7	0.5	0.9	0.9	1.0
Venues and facilities	0.3	0.5	0.4	0.1	0.7	0.7	0.7
Financial transactions in assets and liabilities	0.0	0.0	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.8</b>	<b>0.7</b>	<b>2.5</b>	<b>0.7</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>
Machinery and equipment	0.8	0.7	2.5	0.7	0.8	0.8	0.8
Software and other intangible assets	0.0	–	–	–	–	–	–
<b>Total</b>	<b>30.2</b>	<b>41.3</b>	<b>57.8</b>	<b>69.3</b>	<b>64.4</b>	<b>67.3</b>	<b>69.1</b>



## Expenditure trends

Expenditure between 2005/06 and 2008/09 increased from R30.2 million to R69.3 million at an average annual rate of 32 per cent mainly due to research for the pebble bed modular reactor project, the review of the mandates of development finance institutions, the reassessment of state owned enterprises' treasury operations, and the development of a treasury management system that addresses the needs of the programme.

Expenditure over the MTEF period is expected to decrease from R69.3 million in 2008/09 to R69.1 million in 2011/12 at an average annual rate of 0.1 per cent. The decrease is due to the completion of the treasury management system, the once-off payment for the pebble bed modular reactor research project and the review of development finance institutions.

## Programme 4: Financial Management and Systems

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

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

## Objectives and measures

- Improve supply chain management by:
  - rolling out a revised supply chain management framework from August 2009
  - revising and issuing a supply chain management guide for accounting officers or authorities in 2009/10
  - monitoring supply chain management compliance by submitting reports to Cabinet and the standing committee on public accounts by August 2009.
  - aligning preferential procurement with the aims of the Broad Based Black Economic Empowerment Act (2003) and its related strategy by August 2009
  - establishing a grievance mechanism to deal with supply chain management disputes and complaints by issuing a practice note by April 2009
  - improving value for money on the contracts by:
    - introducing and applying strategic sourcing principles to 100 per cent of transversal contracts in 2009/10
    - introducing strategic sourcing principles to 60 per cent of all national and provincial departments, constitutional institutions, public entities and high capacity municipalities in 2009/10.
- Maintain government's financial systems by implementing the second phase of the integrated financial management system by 2009/10, including developing the lead asset management modules using the integrated development environment toolset.

## Service delivery and spending focus

The integrated financial management systems project is progressing steadily. In 2007/08, contracts have been concluded for the integrated development environment toolset and the procurement module. The contract for the human resource management module was provisionally awarded in 2007/08. The development of the lead asset management modules, using the integrated development environment toolset, has started and is due to be finalised by the end of 2008/09.

The department will begin the implementation of the procurement module in 2009/10 in the lead sites of National Treasury and the South African National Defence Force, while the human resource management model will be implemented in the lead sites of the South African National Defence Force, the Department of Public Service and Administration, and the Free State education department. The implementation of the asset management module will begin in 2009/10 at the lead sites of National Treasury, the South African National Defence Force, and the provincial treasury, health and transport departments of Limpopo province.

## Expenditure estimates

**Table 7.7 Financial Management and Systems**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	1.1	1.3	1.3	1.5	1.5	1.6	1.7
<i>Deputy Director-General Specialist Functions</i>	1.1	1.3	1.3	1.5	1.5	1.6	1.7
Supply Chain Management	27.8	20.3	28.8	21.9	32.5	36.0	38.1
<i>Chief Directorate Supply Chain Policy</i>	14.8	9.3	14.6	6.4	16.5	18.4	19.2
<i>Chief Directorate Contract Management</i>	8.3	5.5	8.7	8.5	9.8	11.0	11.9
<i>Chief Directorate Norms and Standards</i>	4.7	5.6	5.5	7.0	6.3	6.6	7.0
Financial Systems	197.0	169.1	231.3	276.7	577.7	606.4	629.6
<i>Operational Costs</i>	13.0	12.7	13.7	16.3	17.4	19.3	20.2
<i>Basic Accounting System</i>	55.8	47.1	48.3	54.7	56.1	57.8	55.1
<i>PERSAL</i>	39.0	39.7	41.8	45.7	48.5	50.0	47.7
<i>Logis</i>	40.5	42.0	45.2	52.7	48.1	49.6	51.6
<i>Vulindlela</i>	19.0	16.8	22.8	24.6	24.3	25.0	26.0
<i>Integrated Financial Management System</i>	29.8	10.8	59.4	82.7	383.3	404.8	428.9
<b>Total</b>	<b>225.9</b>	<b>190.8</b>	<b>261.4</b>	<b>300.1</b>	<b>611.7</b>	<b>644.0</b>	<b>669.3</b>
Change to 2008 Budget estimate				(257.5)	(90.5)	(133.9)	(130.2)

### Economic classification

<b>Current payments</b>	<b>223.0</b>	<b>188.8</b>	<b>260.7</b>	<b>297.7</b>	<b>610.9</b>	<b>643.1</b>	<b>668.5</b>
Compensation of employees	26.2	28.7	30.3	35.0	36.6	40.1	42.3
Goods and services	196.8	160.2	230.4	262.7	574.4	603.0	626.1
<i>of which:</i>							
<i>Administrative fees</i>	0.2	0.3	0.5	0.5	0.1	0.1	0.1
<i>Audit costs: External</i>	1.1	0.9	0.6	0.8	1.7	2.8	2.9
<i>Bursaries (employees)</i>	0.1	0.1	0.1	0.5	0.5	0.5	0.6
<i>Communication</i>	1.0	0.6	0.6	1.0	0.6	0.6	0.6
<i>Computer services</i>	186.5	151.5	222.1	251.9	563.0	589.7	611.7
<i>Consultants and professional services: Business and advisory services</i>	0.6	0.2	0.7	0.5	0.2	0.2	0.2
<i>Inventory: Other consumables</i>	0.0	0.0	–	0.8	–	–	–
<i>Inventory: Stationery and printing</i>	0.4	0.6	0.4	0.3	0.6	0.6	0.7
<i>Lease payments</i>	0.4	0.4	0.5	0.8	0.7	0.8	0.9
<i>Travel and subsistence</i>	1.1	1.2	0.9	2.8	1.9	2.1	2.3
<i>Training and development</i>	0.4	0.7	0.4	(2.1)	0.7	0.7	0.8
<i>Venues and facilities</i>	4.5	3.3	3.5	4.0	3.9	4.2	4.5
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>2.8</b>	<b>1.9</b>	<b>0.8</b>	<b>2.4</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>
Buildings and other fixed structures	–	–	–	–	–	–	–
Machinery and equipment	2.7	1.9	0.8	2.7	0.8	0.8	0.8
Software and other intangible assets	0.1	–	–	(0.3)	–	–	–
<b>Total</b>	<b>225.9</b>	<b>190.8</b>	<b>261.4</b>	<b>300.1</b>	<b>611.7</b>	<b>644.0</b>	<b>669.3</b>

## Expenditure trends

Expenditure increased between 2005/06 and 2008/09 at an average annual rate of 9.9 per cent, from R225.9 million in 2005/06 to R300.1 million in 2008/09, mainly due to the ongoing maintenance work on the legacy systems such as the basic accounting system, LOGIS, PERSAL and also Vulindlela.

Expenditure over the MTEF period is expected to increase substantially from R300.1 million in 2008/09 to R669.3 million in 2011/12 at an average annual rate of 30.7 per cent. This is due to the intensified implementation of the integrated financial management system, reflected in computer services, which takes up 92 per cent of the programme budget in 2009/10.

## Programme 5: Financial Accounting and Reporting

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

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

## Objectives and measures

- Improve financial management in government by:
  - developing and publishing reporting templates and guidelines at the beginning of each financial year
  - participating in developing local and international standards in accounting, internal audit and risk management by formulating and publishing accounting standards with the Accounting Standards Board
  - rolling out all generally recognised accounting practices standards, as approved for implementation by the Minister of Finance, by July 2010
  - giving ongoing assistance to institutions in all spheres of government to improve their audit outcomes
  - implementing the relevant financial reporting frameworks and the revised risk management and internal audit frameworks by March 2010
  - rolling out the financial management capability model in the provincial sphere of government by March 2010 and piloting the model in local government in 2010/11
  - ongoing rollout of capacity building programmes in financial management, internal audit and risk management to improve unqualified reports in all spheres of government.
- Achieve transparency and accountability to the general public by ongoing publishing, and where applicable tabling, of the monthly statement of the National Revenue Fund and consolidated financial information for national government, and by publishing the annual financial statements of the reconstruction and development programme by October 2009.
- Monitor compliance with the Public Finance Management Act (1999) through timeous progress reports on the improvement of financial management in August and November 2009.

- Maintain National Treasury's status as a South African Institute of Chartered Accountants approved accredited training office for the training outside public practice programme and grow the programme by increasing the number of trainees.

## Service delivery and spending focus

The department revised the internal audit and risk management frameworks through the hosting of the internal audit indaba, the risk management symposium, the public sector financial management symposium and chief financial officer forums. These are forums that provide opportunities for networking, empowerment and exchange of ideas.

In November 2008, National Treasury submitted a Cabinet memorandum, providing details of audit outcomes and the tabling of annual reports of all national and provincial institutions for 2007/08. In general, a significant number of Public Finance Management Act (1999) compliant institutions are meeting the deadline to table their annual reports and financial statements in the legislature within 6 months from the end of the financial year. Departments are making progress with improving their audit outcomes, with 8 departments having received unqualified audit reports in 2007/08, compared with only 2 in 2006/07.

## Expenditure estimates

**Table 7.8 Financial Accounting and Reporting**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Financial Reporting for National Accounts	28.3	46.8	63.0	65.6	74.8	84.1	87.6
Financial Management Improvement	19.4	12.6	18.4	39.8	29.4	31.3	32.7
Investment of Public Monies	–	–	–	0.0	0.0	0.0	0.0
Service Charges (Commercial Banks)	0.0	0.1	0.1	0.2	0.1	0.1	0.1
Audit Statutory Bodies	13.6	11.9	23.8	106.5	19.0	21.3	23.9
Contingent Liabilities: Reinsurance Liabilities	–	–	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>61.3</b>	<b>71.4</b>	<b>105.2</b>	<b>212.2</b>	<b>123.4</b>	<b>136.8</b>	<b>144.3</b>
Change to 2008 Budget estimate				123.2	30.3	38.9	40.6

### Economic classification

<b>Current payments</b>	<b>42.4</b>	<b>42.5</b>	<b>57.6</b>	<b>77.1</b>	<b>74.0</b>	<b>83.7</b>	<b>86.4</b>
Compensation of employees	19.3	21.4	24.5	29.8	31.8	38.4	40.0
Goods and services	23.2	21.1	33.0	47.3	42.2	45.3	46.4
of which:							
Administrative fees	0.9	0.8	1.3	1.2	1.2	1.2	1.1
Advertising	0.2	0.2	0.4	0.4	0.8	0.7	0.7
Audit costs: External	1.2	3.2	5.1	2.6	5.2	5.5	5.5
Computer services	0.5	0.1	0.1	0.3	0.5	0.5	0.6
Consultants and professional services: Business and advisory services	2.5	4.8	10.6	9.6	10.1	10.6	10.7
Consultants and professional services: Legal costs	–	–	0.7	–	–	–	–
Contractors	1.0	1.5	0.0	0.5	0.2	0.9	0.3
Agency and support / outsourced services	–	–	–	4.2	0.1	0.1	0.1
Inventory: Stationery and printing	1.2	0.7	0.9	1.2	1.5	1.6	1.6
Lease payments	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Travel and subsistence	2.2	2.1	2.9	4.5	3.6	3.9	4.2
Training and development	11.2	3.5	5.2	14.1	14.1	15.0	15.8
Operating expenditure	0.2	0.1	0.2	0.3	0.2	0.3	0.3
Venues and facilities	1.5	3.4	5.0	7.4	3.5	3.9	4.3
Financial transactions in assets and liabilities	–	0.0	–	–	–	–	–

**Table 7.8 Financial Accounting and Reporting (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>18.4</b>	<b>27.8</b>	<b>47.4</b>	<b>134.2</b>	<b>48.6</b>	<b>52.6</b>	<b>57.0</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	18.3	27.5	47.1	134.2	48.3	52.1	56.6
Households	–	0.3	0.3	–	0.3	0.5	0.5
<b>Payments for capital assets</b>	<b>0.5</b>	<b>1.1</b>	<b>0.2</b>	<b>0.8</b>	<b>0.8</b>	<b>0.5</b>	<b>0.8</b>
Machinery and equipment	0.5	1.1	0.2	0.8	0.8	0.5	0.8
<b>Total</b>	<b>61.3</b>	<b>71.4</b>	<b>105.2</b>	<b>212.2</b>	<b>123.4</b>	<b>136.8</b>	<b>144.3</b>

**Details of selected transfers and subsidies**

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>13.6</b>	<b>22.7</b>	<b>40.9</b>	<b>126.8</b>	<b>41.1</b>	<b>44.6</b>	<b>48.6</b>
Auditor-General	13.6	11.9	23.8	106.5	19.0	21.3	23.9
Independent Regulatory Board for Auditors	–	10.9	17.1	20.3	22.0	23.3	24.7
<b>Capital</b>	<b>4.7</b>	<b>4.8</b>	<b>6.2</b>	<b>7.4</b>	<b>7.2</b>	<b>7.5</b>	<b>8.0</b>
Accounting Standards Board	4.7	4.8	6.2	7.4	7.2	7.5	8.0

**Expenditure trends**

Expenditure increased from R61.3 million in 2005/06 to R212.2 million in 2008/09, at an average annual rate of 51.3 per cent, mainly due to more staff being hired, a once-off payment to the auditor-general for capping of fees, hosting a risk management symposium, the training outside public practice programme, a public sector financial management symposium, an internal audit indaba and costs relating to the formulation of the financial management capability maturity model.

Expenditure over the MTEF period is expected to decrease at an average annual rate of 12.1 per cent, from R212.2 million in 2008/09 to R144.3 million in 2011/12, mainly due to the once-off payment to the auditor-general of R106.5 million in 2008/09.

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

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

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

## Objectives and measures

- Improve the macroeconomic framework of the country by publishing research papers and proposals on promoting growth, macroeconomic stability, retirement reform, and related policy areas.
- Review and strengthen the regulatory framework for the financial sector by continuing to implement the Basle II capital accord, which came into effect on 01 January 2008.
- Expand access to financial services by 2009/10 by:
  - developing a legislative framework for a second tier of banks
  - establishing a cooperative banks development agency for the registration, support, supervision and regulation of the cooperative banks sector
  - facilitating the transformation of the financial sector through ongoing participation in the Charter Council.
- Develop tax policy proposals for the annual Budget, prepare legislative changes to support tax proposals and monitor collection of revenue through ongoing consultation with relevant stakeholders and consideration of contributing factors.
- Improve South Africa's participation in international economic institutions like the International Monetary Fund, the World Bank, and the G20 and the African Development Bank, by influencing the agendas and providing inputs for the meetings.
- Promote regional economic integration in SADC and strengthen economic links within Africa by:
  - continuously participating in SADC forums
  - supporting the Southern African Customs Union to meet regional challenges, including reviewing the existing revenue sharing formula.

## Service delivery and spending focus

In June 2008, the department successfully hosted the annual bank conference on development economics, which reflected on issues such as high food prices, financial turmoil, investment and growth, human development and the role of China in financing Africa's development.

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

## Expenditure estimates

**Table 7.9 Economic Policy and International Financial Relations**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management and Research	4.0	14.8	10.8	19.0	22.1	25.2	27.0
Financial Sector Policy	19.2	14.5	16.1	22.3	21.5	22.4	23.2
Tax Policy	7.8	11.5	12.4	14.4	15.5	17.1	17.8
International Economics	9.2	9.6	13.1	16.1	16.9	17.8	18.6
Economic Policy	12.5	18.5	40.7	22.0	11.7	12.1	12.7
<b>Total</b>	<b>52.8</b>	<b>68.9</b>	<b>93.2</b>	<b>93.8</b>	<b>87.6</b>	<b>94.5</b>	<b>99.3</b>
Change to 2008 Budget estimate				11.3	7.8	11.0	11.0

**Table 7.9 Economic Policy and International Financial Relations (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>46.0</b>	<b>64.2</b>	<b>90.2</b>	<b>88.1</b>	<b>81.9</b>	<b>88.8</b>	<b>93.7</b>
Compensation of employees	24.9	30.9	37.1	45.7	52.7	58.0	61.4
Goods and services	21.1	33.3	53.1	42.4	29.2	30.7	32.2
of which:							
Administrative fees	0.7	1.0	1.5	1.2	1.5	1.0	0.9
Advertising	0.7	0.3	0.5	0.5	0.5	0.5	0.4
Catering: Departmental activities	–	0.4	0.4	0.5	0.6	0.6	0.6
Communication	0.2	0.3	0.7	0.5	0.4	0.4	0.4
Consultants and professional services: Business and advisory services	10.8	18.6	14.6	15.2	12.6	13.5	14.3
Agency and support / outsourced services	–	–	–	1.1	0.4	0.4	0.4
Inventory: Stationery and printing	1.0	1.0	1.9	2.0	1.3	1.4	1.5
Lease payments	0.3	0.2	6.6	0.2	0.2	0.2	0.2
Travel and subsistence	5.3	7.4	15.0	11.4	8.1	8.9	9.5
Training and development	0.5	0.5	0.7	0.7	0.9	1.0	0.9
Operating expenditure	0.7	1.6	3.4	3.9	1.3	1.3	1.4
Venues and facilities	0.3	1.5	7.2	4.6	0.7	0.8	0.8
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>6.2</b>	<b>3.5</b>	<b>2.3</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Universities and technikons	0.8	3.5	2.3	5.0	5.0	5.0	5.0
Public corporations and private enterprises	5.3	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.6</b>	<b>1.2</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.8</b>	<b>0.7</b>
Machinery and equipment	0.6	1.2	0.7	0.7	0.7	0.8	0.7
<b>Total</b>	<b>52.8</b>	<b>68.9</b>	<b>93.2</b>	<b>93.8</b>	<b>87.6</b>	<b>94.5</b>	<b>99.3</b>

**Details of selected transfers and subsidies**

<b>Universities and technikons</b>							
<b>Current</b>	<b>0.8</b>	<b>3.5</b>	<b>2.3</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
University of Cape Town	0.8	3.5	2.3	5.0	5.0	5.0	5.0
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>5.3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Centre for Development and Enterprises	5.3	–	–	–	–	–	–

**Expenditure trends**

Expenditure increased from R52.8 million in 2005/06 to R93.8 million in 2008/09, at an average annual rate of 21.1 per cent, mainly due to: an increase in the staff complement; the hosting of the annual bank conference on development economics in 2008; and an increase in research funding, including research for regulatory impact analysis and microeconomic analysis, and on the implications of policy advice and implementation on legislation including tax, pensions and banking regulations.

Expenditure over the MTEF period is expected to increase from R93.8 million in 2008/09 to R99.3 million in 2011/12 at an average annual rate of 1.9 per cent. This is due to improvements in the functioning of the financial regulatory system in the *Financial Sector Policy* subprogramme and the improvement of economic policy proposals in the *Economic Policy* subprogramme.



## Programme 7: Provincial and Local Government Transfers

- *Infrastructure Grant to Provinces* provides for the transfers to provinces and for monitoring them. The grant supports accelerated infrastructure development and maintenance for roads, schools, health facilities and rural development.
- *Local Government Financial Management and Restructuring Grants* provides for transfers to municipalities and assists municipalities in building capacity to implement the financial management reforms underpinning the Municipal Finance Management Act (2003).
- *Neighbourhood Development Partnership Grant* provides for the transfer to municipalities for the design of partnership projects and the co-financing of the construction of new and improved community facilities and related municipal assets.

Funding will be used for transfers to provinces and municipalities.

### Objectives and measures

- Assist in the design and co-financing of neighbourhood development partnership grant projects by:
  - increasing the number of projects granted award status from 80 to 90 by 2009/10
  - increasing the number of capital projects under construction that supports township regeneration from 7 to 10 by 2009/10.
- Build financial skills by improving internal and external reporting on financial management grants as they relate to budget, service business delivery implementation plans, in-year monitoring and annual reports by 2010.
- Manage conditional grants by transferring infrastructure grants to provinces according to the payment schedule and the requirements of the Division of Revenue Act.
- Ensure proper planning and implementation of infrastructure maintenance by the provincial departments of education, health and transport by quarterly monitoring of their delivery of provincial infrastructure.

### Service delivery and spending focus

National Treasury commissioned a study to identify 25 of the poorest municipalities in South Africa, with a view to providing additional financial and technical support to these in 2008/09. With the support of the provincial treasuries, all these municipalities submitted proposals on their areas of focus.

The neighbourhood development partnership grant is a hybrid grant, comprising a technical assistance fund and a capital grant for selected township regeneration projects, aimed at leveraging private sector investment and improving citizens' quality of life. By 2008/09, 729 applications were received. 86 awards were made to 51 municipalities, and the department is targeting a potential 135 townships.

The level of spending on technical assistance has been less than projected, mainly due to slow planning processes by municipalities. By September 2008, capital grant spending was on track in 8 projects under construction.

### Expenditure estimates

**Table 7.10 Provincial and Local Government Transfers**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Infrastructure Grant to Provinces	2 984.1	4 983.5	6 276.2	7 384.5	9 249.2	11 314.9	13 091.2
Local Government Financial Management and Restructuring Grants	387.5	410.3	675.3	180.0	300.0	364.6	384.6
Neighbourhood Development Partnership Grant	–	50.0	41.2	373.5	661.4	753.8	939.4
Gautrain loan	–	–	–	–	4 200.0	–	–
<b>Total</b>	<b>3 371.6</b>	<b>5 443.7</b>	<b>6 992.7</b>	<b>7 938.0</b>	<b>14 410.6</b>	<b>12 433.3</b>	<b>14 415.3</b>
Change to 2008 Budget estimate				(18.7)	4 443.9	939.2	2 288.8



**Table 7.10 Provincial and Local Government Transfers (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<i>of which:</i>							
<b>Transfers and subsidies</b>	<b>3 371.6</b>	<b>5 443.7</b>	<b>6 992.7</b>	<b>7 938.0</b>	<b>14 410.6</b>	<b>12 433.3</b>	<b>14 415.3</b>
Provinces and municipalities	3 371.6	5 393.7	6 992.7	7 853.0	14 331.2	12 309.5	14 316.3
Departmental agencies and accounts	–	50.0	–	85.0	79.4	123.8	99.0
<b>Total</b>	<b>3 371.6</b>	<b>5 443.7</b>	<b>6 992.7</b>	<b>7 938.0</b>	<b>14 410.6</b>	<b>12 433.3</b>	<b>14 415.3</b>
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Capital</b>	<b>2 984.1</b>	<b>4 983.5</b>	<b>6 276.2</b>	<b>7 384.5</b>	<b>13 449.2</b>	<b>11 314.9</b>	<b>13 091.2</b>
Infrastructure grant to provinces	2 984.1	4 983.5	6 026.2	7 384.5	9 249.2	11 314.9	13 091.2
Transitional grant: North West	–	–	250.0	–	–	–	–
Gautrain loan	–	–	–	–	4 200.0	–	–
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>387.5</b>	<b>410.3</b>	<b>675.3</b>	<b>180.0</b>	<b>300.0</b>	<b>364.6</b>	<b>384.6</b>
Financial management grant: Municipalities	132.5	145.3	145.3	180.0	300.0	364.6	384.6
Local government restructuring grant	255.0	265.0	530.0	–	–	–	–
<b>Capital</b>	<b>–</b>	<b>–</b>	<b>41.2</b>	<b>288.5</b>	<b>582.0</b>	<b>630.0</b>	<b>840.4</b>
Neighbourhood development partnership grant	–	–	41.2	288.5	582.0	630.0	840.4
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>–</b>	<b>50.0</b>	<b>–</b>	<b>85.0</b>	<b>79.4</b>	<b>123.8</b>	<b>99.0</b>
Neighbourhood development partnership grant	–	50.0	–	85.0	79.4	123.8	99.0

## Expenditure trends

The infrastructure grant to provinces, which takes up 64.2 per cent of the programme budget in 2009/10, supplements the provincial equitable share. It supports the construction, maintenance and rehabilitation of infrastructure in education, roads, health and agriculture. Spending on provincial infrastructure increased from R3 billion in 2005/06 to R7.4 billion in 2008/09 at an average annual rate of 35.3 per cent, mainly due to higher expenditure on roads and transport and increased capital spending.

Spending on the infrastructure grant over the MTEF period is expected to increase from R7.4 billion in 2008/09 to R13.1 billion in 2011/12, at an average annual rate of 21 per cent, mainly due to improvements in the national education infrastructure management system and transport coal road haulage system.

The local government financial management restructuring grant was introduced to assist municipalities in implementing financial management reforms and support the technical advisor programme for hands-on skills transfer to municipal officials under the Municipal Finance Management Act (2003). Funds were transferred to municipalities based on their implementation plans. Grants to municipalities decreased from R387.5 million in 2005/06 to R180 million in 2008/09, at an average annual rate of 22.6 per cent due to the phasing out of the local government restructuring grant. Over the MTEF period, the grant increases at an average annual rate of 28.8 per cent, to reach R384.6 million in 2011/12, due to increased capacity support for municipalities.

The expenditure for the neighbourhood development partnership grant has increased from R373.5 million in 2008/09 to R939.4 million in 2011/12 at an average annual rate of 36 per cent. This grant to municipalities is for the design of partnership projects and for co-financing the construction of new and better community facilities and related municipal assets. In 2006/07, only R50 million was transferred due to the slow implementation of projects, compared to the projected spending of R373.5 million in 2008/09.

The Gautrain project will be funded through a once-off loan of R4.2 billion in 2009/10, which accounts for the 81.5 per cent increase in spending in transfers in 2009/10.

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

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

Funding is mainly used for transfers to funds and beneficiaries.

### Objectives and measures

- Pay pensions to people who made sacrifices or served the public interest in the democratisation of South Africa through full implementation of the Special Pensions Amendment Act (2008) by December 2010.
- Improve turnaround time for pension payments by reviewing special pensions, medical pensions, military pensions and injury on duty processes and procedures by October 2009.
- Alleviate poverty by ensuring timely and accurate monthly payments of military pension funds (on behalf of 7 024 beneficiaries), contributions to medical aid schemes (on behalf of 75 400 members), and risk and administrative fees on behalf of 900 members of the Political Office Bearers Pension Fund.

### Service delivery and spending focus

The enactment of the Special Pensions Amendment Act (2008) will extend the right to a pension to persons 30 years of age, but not yet 35 years of age, on 31 December 1996.

All staff from the special pensions division were absorbed into the Government Employees Pension Fund with permanent and long term contracts. The communications and promotional strategy for the implementation of the special pensions amendments was completed in 2008/09.

The department also addressed the backlog of more than 50 per cent in the post-retirement medical benefits in 2008/09.

### Expenditure estimates

**Table 7.11 Civil and Military Pensions, Contributions to Funds and Other Benefits**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Civil Pensions and Contributions to Funds	1 860.9	1 901.7	2 027.4	2 157.6	4 741.8	2 214.7	2 347.6
Military Pensions and Other Benefits	150.0	147.0	149.4	156.1	178.5	183.9	194.9
<b>Total</b>	<b>2 010.9</b>	<b>2 048.7</b>	<b>2 176.8</b>	<b>2 313.7</b>	<b>4 920.3</b>	<b>2 398.6</b>	<b>2 542.5</b>
Change to 2008 Budget estimate				(39.0)	2 480.0	–	–

**Table 7.11 Civil and Military Pensions, Contributions to Funds and Other Benefits (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>25.8</b>	<b>30.4</b>	<b>29.9</b>	<b>32.9</b>	<b>34.2</b>	<b>33.2</b>	<b>35.2</b>
Goods and services	18.0	26.7	25.3	32.9	34.2	33.2	35.2
of which:							
Consultants and professional services: Business and advisory services	18.0	26.7	25.3	32.9	34.2	33.2	35.2
Financial transactions in assets and liabilities	7.8	3.7	4.6	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 985.0</b>	<b>2 018.4</b>	<b>2 146.9</b>	<b>2 280.8</b>	<b>4 886.1</b>	<b>2 365.3</b>	<b>2 507.2</b>
Foreign governments and international organisations	2.7	1.7	2.1	2.6	3.8	4.0	4.2
Non-profit institutions	0.1	–	0.1	0.1	0.1	0.1	0.1
Households	1 982.3	2 016.7	2 144.7	2 278.1	4 882.2	2 361.3	2 502.9
<b>Total</b>	<b>2 010.9</b>	<b>2 048.7</b>	<b>2 176.8</b>	<b>2 313.7</b>	<b>4 920.3</b>	<b>2 398.6</b>	<b>2 542.5</b>

**Details of selected transfers and subsidies**

<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>2.7</b>	<b>1.7</b>	<b>2.1</b>	<b>2.6</b>	<b>3.8</b>	<b>4.0</b>	<b>4.2</b>
United Kingdom tax	2.7	1.7	2.1	2.6	3.8	4.0	4.2
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>1 982.3</b>	<b>2 016.7</b>	<b>2 144.7</b>	<b>2 278.1</b>	<b>4 882.2</b>	<b>2 361.3</b>	<b>2 502.9</b>
Civil pensions	1 835.2	1 872.1	1 997.9	2 123.5	2 208.7	2 182.5	2 313.5
Military pensions	147.1	144.5	146.8	154.6	173.5	178.7	189.5
Political Office Bearers Pension Fund	–	–	–	–	2 500.0	–	–

**Expenditure trends**

Government's contributions to pensions and other benefits on behalf of retired civil servants increased from R1.9 billion in 2005/06 to R2.2 billion in 2008/09, at an average annual rate of 5.1 per cent, due to increases in medical and other benefit tariffs and increased spending on injury on duty.

Expenditure for the programme is expected to increase from R2.3 billion in 2008/09 to R2.5 billion in 2011/12 at an average annual rate of 3.2 per cent. This is due to the implementation of the Special Pensions Amendment Act (2008), which will expand benefits to widows and orphans of beneficiaries and also increase the payment of claims for injury on duty by the special pensions division. The increase of 112.7 per cent between 2008/09 and 2009/10 is due to a once-off amount of R2.5 billion added for the Political Office Bearers Pension Fund.

**Programme 9: Fiscal Transfers**

The subprogrammes reflect the different types of transfers.

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

Foreign transfer payments are made to:

- the World Bank, including the International Development Association, which forms part of the World Bank Group and which provides debt relief to poor countries in terms of a bilateral agreement between the donor countries
- the International Monetary Fund
- the African Development Bank and African Development Fund

- Lesotho, Namibia and Swaziland, under the *Common Monetary Area Compensation* subprogramme, for the rand monetary area agreement
- the African integration and support programmes
- various international programmes, such as the Commonwealth Fund for Technical Cooperation, the Investment Climate Facility, and the Global Alliance for Vaccines and Immunisation.

## Expenditure estimates

**Table 7.12 Fiscal Transfers**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Eskom	–	–	–	10 000.0	30 000.0	20 000.0	–
Domestic Budgetary Transfers	6 627.6	7 119.4	8 165.2	9 284.0	10 217.8	11 517.1	12 286.3
<i>South African Revenue Service</i>	4 254.3	4 874.6	5 511.0	6 302.8	7 035.5	7 949.0	8 600.2
<i>Financial and Fiscal Commission</i>	19.7	21.7	27.5	26.1	24.6	26.4	28.0
<i>Secret Services</i>	2 330.1	2 223.1	2 584.2	2 843.6	2 997.3	3 251.6	3 473.0
<i>Financial Intelligence Centre</i>	23.6	–	42.5	111.5	156.4	282.0	169.8
<i>Cooperative Banking Development Agency</i>	–	–	–	–	4.0	8.2	15.3
Domestic Programme Transfers	66.2	311.7	222.3	246.8	267.4	282.6	296.7
<i>Development Bank of Southern Africa: Siyenza Manje</i>	–	258.3	168.9	246.8	267.4	282.6	296.7
<i>Development Bank of Southern Africa: Financial management grant</i>	66.2	53.4	53.4	–	–	–	–
Africa Integration and Support	244.7	282.8	320.6	349.6	414.5	439.0	465.4
<i>Common Monetary Area Compensation</i>	244.7	282.8	320.6	342.8	359.4	381.0	403.8
<i>Regional Integration</i>	–	–	–	5.0	5.0	5.0	5.3
<i>Financial and Technical Support</i>	–	–	–	1.8	50.1	53.1	56.3
Multilateral Institutions	143.2	282.1	163.6	170.4	139.2	148.6	145.9
<i>African Development Bank and African Development Fund</i>	121.6	104.9	76.9	102.4	76.0	80.6	85.4
<i>World Bank Group (including IDA)</i>	21.6	177.2	86.6	68.0	63.1	68.0	60.5
International Projects	2.3	10.1	17.6	19.8	22.1	23.1	24.5
<i>Collaborative Africa Budget Reform Initiative</i>	–	–	–	–	1.2	1.2	1.2
<i>Commonwealth Fund for Technical Cooperation</i>	2.3	2.9	3.4	3.5	3.5	3.5	3.7
<i>International Funding Facility for Immunization</i>	–	7.2	7.4	8.0	8.5	9.0	9.6
<i>Investment Climate Facility</i>	–	–	6.8	8.3	8.9	9.4	10.0
<b>Total</b>	<b>7 084.0</b>	<b>8 006.0</b>	<b>8 889.3</b>	<b>20 070.5</b>	<b>41 060.9</b>	<b>32 410.5</b>	<b>13 218.8</b>
Change to 2008 Budget estimate				10 229.7	30 471.3	20 838.3	955.1

### Economic classification

<b>Transfers and subsidies</b>	<b>7 084.0</b>	<b>8 006.0</b>	<b>8 889.3</b>	<b>20 070.5</b>	<b>41 060.9</b>	<b>32 410.5</b>	<b>13 218.8</b>
Departmental agencies and accounts	6 627.6	7 119.4	8 165.2	9 284.0	10 217.8	11 517.1	12 286.3
Public corporations and private enterprises	66.2	311.7	222.3	10 246.8	30 267.4	20 282.6	296.7
Foreign governments and international organisations	390.1	574.9	501.7	539.8	575.7	610.8	635.8
<b>Total</b>	<b>7 084.0</b>	<b>8 006.0</b>	<b>8 889.3</b>	<b>20 070.5</b>	<b>41 060.9</b>	<b>32 410.5</b>	<b>13 218.8</b>

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>5 798.3</b>	<b>6 754.3</b>	<b>7 308.6</b>	<b>7 983.5</b>	<b>9 606.4</b>	<b>10 767.3</b>	<b>11 514.7</b>
South African Revenue Service (current)	3 803.9	4 788.0	5 255.7	6 021.1	6 883.6	7 778.8	8 409.1
Financial and Fiscal Commission	19.7	21.7	27.5	26.1	24.6	26.4	28.0
Secret Services Account (current)	1 955.2	1 944.6	1 988.6	1 830.7	2 585.4	2 764.7	2 892.6
Financial Intelligence Centre (current)	19.6	–	36.8	105.6	108.8	189.2	169.8
Cooperative Banking Development Agency	–	–	–	–	4.0	8.2	15.3

Table 7.12 Fiscal Transfers (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Capital</b>	<b>829.3</b>	<b>365.0</b>	<b>856.7</b>	<b>1 300.5</b>	<b>611.4</b>	<b>749.9</b>	<b>771.6</b>
South African Revenue Service (capital)	450.4	86.6	255.3	281.7	152.0	170.2	191.1
Secret Services Account (capital)	374.8	278.5	595.7	1 012.9	411.8	486.9	580.5
Financial Intelligence Centre (capital)	4.0	–	5.7	5.9	47.6	92.8	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>66.2</b>	<b>311.7</b>	<b>222.3</b>	<b>246.8</b>	<b>267.4</b>	<b>282.6</b>	<b>296.7</b>
Development Bank of Southern Africa: Siyenza Manje	–	258.3	168.9	246.8	267.4	282.6	296.7
Development Bank of Southern Africa: Financial management grant	66.2	53.4	53.4	–	–	–	–
<b>Capital</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10 000.0</b>	<b>30 000.0</b>	<b>20 000.0</b>	<b>–</b>
Eskom	–	–	–	10 000.0	30 000.0	20 000.0	–
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>247.0</b>	<b>292.8</b>	<b>338.2</b>	<b>367.6</b>	<b>386.5</b>	<b>409.1</b>	<b>433.6</b>
Common Monetary Area Compensation	244.7	282.8	320.6	342.8	359.4	381.0	403.8
Regional Integration	–	–	–	5.0	5.0	5.0	5.3
Collaborative Africa Budget Reform Initiative	–	–	–	–	1.2	1.2	1.2
Commonwealth Fund for Technical Cooperation	2.3	2.9	3.4	3.5	3.5	3.5	3.7
International Funding Facility for Immunization	–	7.2	7.4	8.0	8.5	9.0	9.6
Investment Climate Facility	–	–	6.8	8.3	8.9	9.4	10.0
<b>Capital</b>	<b>143.2</b>	<b>282.1</b>	<b>163.6</b>	<b>172.2</b>	<b>189.2</b>	<b>201.7</b>	<b>202.2</b>
Financial and Technical Support	–	–	–	1.8	50.1	53.1	56.3
Africa Development Bank and African Development Fund	121.6	104.9	76.9	102.4	76.0	80.6	85.4
World Bank	21.6	177.2	86.6	68.0	63.1	68.0	60.5

## Expenditure trends

There is no direct expenditure under this programme, only transfers. Transfers increased from R7.1 billion in 2005/06 to R20.1 billion in 2008/09, at an average annual rate of 41.5 per cent. The increase was mainly due to additional budgetary allocations which also included inflation adjustments to the South African Revenue Service and the Secret Services, the Financial Intelligence Centre for capacity building and accommodation, and the Eskom subordinated loan for building infrastructure for sustainable electricity. Transfers are expected to decrease from R20.1 billion in 2008/09 to R13.2 billion in 2011/12, at an average annual rate of 13 per cent, due to the phasing out of the Eskom funding.

## Trading entities

### Project development facility

The project development facility is a single function trading entity in National Treasury's public private partnership unit, created in accordance with the Public Finance Management Act (1999). It was created to assist national, provincial and municipal spheres of government to pay for services provided by consultants (transaction advisors) to conduct feasibility studies for public private partnership projects. After the financial close of the project, the funds are recovered from the successful private party bidder, allowing the project development facility to fund further projects.

The facility also disburses technical assistance funds for municipalities to access capital grants from the neighbourhood development partnership grant.

The project development facility receives R6 million a year over the medium term for transaction advisors.

The following table shows project commitments in transactional advisory services for 2009/10.

<b>New funding</b>		
<b>Institution</b>	<b>Project</b>	<b>Funding approved</b>
Greater Tubatse Municipality	Solid waste management	R2 000 000
Eastern Cape Department of Transport	Fleet	R3 780 394
Department of Correctional Services	Fleet	R2 000 000
Thaba Chweu Municipality	Tourism	R750 000
Waterberg District Municipality	Solid waste management	R1 500 000
<b>Total</b>		<b>R10 030 394</b>

## Technical assistance unit

The technical assistance unit is a facility within National Treasury. It was established in 2001, and from April 2008, a trading entity has been operated within the unit. The technical assistance unit trading entity will play a major role in the fields of legislation, institutional and municipal operation and capacity building by ensuring that prudent financial and project management are implemented throughout national, provincial and local government.

The unit will receive transfers of R1 million a year from 2009/10 to 2011/12 from National Treasury. National Treasury is in the process of establishing the unit as a government component and this will affect the governance arrangements of this unit.

## Public entities

### South African Revenue Service

#### Strategic overview: 2005/06 - 2011/12

The South African Revenue Service is mandated to support government in meeting its key growth developmental objectives by facilitating legitimate trade, protecting South African ports of entry and eliminating illegal trade and tax evasion. By administering an efficient tax system, the South African Revenue Service is reducing the compliance burden, ensuring delivery on revenue targets and ensuring good governance and administration.

Key priorities of the *South African Revenue Service* over the MTEF period include implementing new tax policies, instruments and trade policies, and implementing and improving the modernisation programme.

#### *Government's framework for tax policy*

The implementation of government's framework for tax policy began in 2006/07 and was aimed at broadening the tax base, where appropriate. Outcomes are already apparent through lowered tax rates to improve the equity of the tax system, while promoting savings and investment. The main underpinnings of the 2007 tax proposals were: to support economic growth, investment, and job creation; boost business confidence and development; promote financial security for poorer households; and support macroeconomic policy objectives. In 2006/07, government offered total tax relief of R12.4 billion.

#### *Modernisation programme*

In 2007, the South African Revenue Service introduced its modernisation programme. The first phase of the programme, which was launched in 2007/08, included e-filing and focused on the income tax assessment process. This resulted in significant improvement for taxpayers and practitioners: 34 per cent of returns are now processed within 48 hours, compared to only 1.6 per cent in 2006/07. Another outcome was a major increase in electronic filing as the preferred way of submitting tax returns. More than 1 million e-filed returns were submitted compared to only 35 000 in 2006/07.



*Tax collection strategy*

2007/08 saw a temporary slowdown in a cycle of buoyant activity. However, the 2008 Budget cautioned that financial market turbulence and a sharp economic slowdown in the United States would have a negative impact on global economic growth and growth prospects domestically. In this context, the South African Revenue Service still managed to deliver and surpass revenue targets year on year. For 2007/08, revenue collection grew by 16 per cent (R79 billion) to R572.8 billion.

*Border control operations coordination committee*

The South African Revenue Service was also appointed the lead agency in preparing a national integrated border management system in preparation for the 2010 FIFA World Cup. A mobile X-ray container scanner was installed and commissioned at the Durban container terminal, and militarily trained customs border control staff and a new detector dog unit are required in support of the border control operations coordination committee project. SARS is responsible for all the border control committee's operational expenses and funding has been requested for the implementation of the committee's projects over the MTEF period. As lead agency and chair of the committee, the South African Revenue Service is responsible for monitoring all ports of entry, and implementing all the committee's projects and initiatives.

## Selected performance and operations indicators

**Table 7.13 South African Revenue Service**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Amount of annual revenue collected	R417.3bn	R495.5bn	R572.8bn	R642.3bn	R711.5bn	R777.9bn	R850.6bn
Number of personal income tax returns each year	4 290 175	4 301 865	3 747 376	5 091 963	5 474 249	5 885 237	6 179 499
Number of corporate income tax returns each year	600 869	636 270	442 391	1 558 976	1 131 424	1 267 195	1 330 555
Number of value added tax returns processed each year	3 501 943	3 704 194	3 794 204	4 021 856	4 263 168	4 518 958	4 744 906
Number of pay as you earn returns processed each year	3 739 225	3 995 580	3 977 234	4 215 867	4 468 819	4 736 947	4 973 794
Number of imports bill of entry each year	2 067 867	2 192 853	2 436 690	2 975 114	3 985 503	5 028 402	5 279 822
Number of exports each year	2 705 762	2 807 934	3 135 939	3 675 114	4 685 503	5 818 402	6 109 322

## Service delivery and spending focus

Revenue has grown from R123 billion in 1995/96 to R642 billion in 2008/09, exceeding the revised 2008 Budget of R571.1 billion by R1.8 billion (0.3 per cent). This was achieved in an economic environment characterised by moderate economic growth (from 5 per cent to 5.1 per cent) in 2007/08. Although the economy experienced a temporary slowdown and recession in 2008/09, the South African Revenue Service has projected a 24 per cent increase in revenue collection over the MTEF period.

This represents an average annual growth rate of 14.8 per cent, despite progressive reductions in the tax rates for companies and individuals. The total tax base has grown from 2.4 million taxpayers in 1995/96 to 9 million taxpayers in 2007/08, yielding an average increase of 11.6 per cent. The number of assessments processed has increased significantly, from 4.5 million in 1995/96 to 15.2 million in 2007/08. Import and export value has grown significantly from R229 billion in 1995/96 to R980 billion in 2007/08.

The first phase of the modernisation programme was launched in 2007/08, and resulted in significant improvement in the income tax assessment process. This led to a major increase in electronic filing as a preferred channel for the submission of returns. More than 1 million e-filed returns were submitted in 2007/08 compared to only 35 000 in 2006/07. As a result, the South African Revenue Service managed to reduce the cost/collection ratio from 1.23 per cent in 2005/06 to 1.1 per cent in 2007/08.

The South African Revenue Service continues to model the principles of the Batho Pele programme by providing appropriate services to stakeholders by improving efficiency, channel access, stakeholder contact and core assessment processes. Through education, outreach and marketing, the South African Revenue Service has actively communicated with its stakeholders (taxpayers) to change their understanding and perception of tax obligations and the potential use of different service channels. The outcomes are evident in the successes of the modernisation programme.

Changes to the submission of returns were introduced in 2006/07 through the electronic filing process, which reduced compliance costs and improved service delivery and the risk management process. Other fundamental changes included a move away from issuing cheques for refunds to electronic payments and an improved process for verifying IRP5 information. During 2007/08, a scanning solution was introduced and implemented effectively. The focus was on scanning income tax under review, which increased the number of electronic submissions, and enabled the South African Revenue Service to exceed the target set for processing returns.

The introduction of the modernised returns processing model has helped to address the increased volumes with fewer staff, while improving service delivery. This has resulted in the effective processing of 34 per cent of returns within 2 days and 96 per cent of returns within 90 days.

The South African Revenue Service introduced a dedicated channel of tax practitioners. The call centre was equipped with multiskilled agents to assist with all types of tax queries. A dedicated small business tax amnesty call centre was also established.

## Expenditure estimates

**Table 7.14 SA Revenue Service: Activity information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Taxpayers services and business enablement and delivery	1 741.5	1 703.7	1 722.9	1 861.1	2 162.7	2 335.7	2 522.5
Customs operations	454.7	493.8	532.6	630.9	733.1	791.7	855.1
Enforcement, risk and debt collection	744.5	910.6	1 154.6	1 398.5	1 625.1	1 755.1	1 895.5
South African Revenue Service administration	1 596.1	1 526.2	1 643.7	1 720.5	1 850.0	2 080.2	2 323.9
Modernisation: Business as usual and projects	598.6	521.8	554.2	1 054.6	894.4	1 126.8	1 214.4
<b>Total expense</b>	<b>5 135.4</b>	<b>5 156.1</b>	<b>5 607.9</b>	<b>6 665.5</b>	<b>7 265.3</b>	<b>8 089.6</b>	<b>8 811.4</b>

**Table 7.15 SA Revenue Service: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>240.0</b>	<b>281.8</b>	<b>333.1</b>	<b>328.4</b>	<b>270.1</b>	<b>264.2</b>	<b>264.2</b>
<i>Other non-tax revenue</i>	240.0	281.8	333.1	328.4	270.1	264.2	264.2
<b>Transfers received</b>	<b>4 254.3</b>	<b>4 881.7</b>	<b>5 511.0</b>	<b>6 302.8</b>	<b>7 035.5</b>	<b>7 949.0</b>	<b>8 600.2</b>
<b>Total revenue</b>	<b>4 494.3</b>	<b>5 163.4</b>	<b>5 844.1</b>	<b>6 631.2</b>	<b>7 305.6</b>	<b>8 213.2</b>	<b>8 864.4</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>5 135.4</b>	<b>5 156.1</b>	<b>5 607.9</b>	<b>6 665.5</b>	<b>7 265.3</b>	<b>8 089.6</b>	<b>8 811.4</b>
Compensation of employees	2 935.4	3 124.0	3 500.3	4 078.9	4 690.2	5 065.4	5 470.6
Goods and services	1 958.4	1 712.4	1 865.1	2 233.5	2 124.6	2 470.4	2 713.8
Depreciation	239.1	276.3	211.5	316.3	409.7	508.4	627.0
Interest, dividends and rent on land	2.5	43.4	31.0	36.7	40.8	45.3	—
<b>Total expenses</b>	<b>5 135.4</b>	<b>5 156.1</b>	<b>5 607.9</b>	<b>6 665.5</b>	<b>7 265.3</b>	<b>8 089.6</b>	<b>8 811.4</b>
<b>Surplus / (Deficit)</b>	<b>(641.1)</b>	<b>7.3</b>	<b>236.2</b>	<b>(34.3)</b>	<b>40.3</b>	<b>123.6</b>	<b>53.0</b>
<b>Statement of financial position</b>							
Carrying value of assets	598.7	577.6	798.6	1 216.9	1 255.0	1 375.7	1 425.2
<i>of which: Acquisition of assets</i>	332.2	321.8	438.4	734.6	450.0	632.0	680.0
Receivables and prepayments	56.1	87.7	79.1	79.0	68.4	68.4	68.4
Cash and cash equivalents	747.4	911.2	1 072.5	627.6	641.9	629.3	600.9
<b>Total assets</b>	<b>1 402.2</b>	<b>1 576.5</b>	<b>1 950.2</b>	<b>1 923.5</b>	<b>1 965.3</b>	<b>2 073.5</b>	<b>2 094.5</b>
Accumulated surplus/deficit	417.4	437.7	673.9	639.6	679.9	803.5	856.5
Borrowings	162.2	518.8	507.6	484.9	470.3	446.8	406.6
Trade and other payables	518.5	342.2	433.8	434.0	442.7	447.1	451.6
Provisions	304.3	277.8	334.9	365.0	372.3	376.0	379.8
<b>Total equity and liabilities</b>	<b>1 402.2</b>	<b>1 576.5</b>	<b>1 950.2</b>	<b>1 923.5</b>	<b>1 965.3</b>	<b>2 073.5</b>	<b>2 094.5</b>
<b>Contingent liabilities</b>	<b>74.0</b>	<b>72.1</b>	<b>69.0</b>	<b>65.5</b>	<b>62.3</b>	<b>60.3</b>	<b>55.5</b>



## Expenditure trends

Funding for the South African Revenue Service comprises a transfer from National Treasury, commission earned on the collection of skills development levies and unemployment insurance contributions, and interest received on any temporary cash balances. The fluctuating trend for non-tax revenue collection has been influenced by interest receivable on temporary cash balances. Transfers received increased from R4.3 billion in 2005/06 to R6.3 billion in 2008/09 mainly to accommodate provisions for customs scanners and capacity building. Revenue largely funds goods and services and compensation of employees. Expenditure on personnel increased at an average annual rate of 11.6 per cent between 2005/06 and 2008/09, and the 15 per cent growth in 2009/10 is to cover capacity building in the areas of customs, small business amnesties and large business centres.

Transfers over the medium term will increase at an average annual rate of 10.9 per cent to R8.6 billion by 2011/12. Spending over the MTEF period will focus on improving the core systems, buying customs scanners, funding the operational budget to lead the border control operations coordination committee, and improving fraud detection and enforcement.

## Development Bank of Southern Africa

### Strategic overview: 2005/06 – 2011/12

The Development Bank of Southern Africa is one of several development finance institutions in South and Southern Africa. Its purpose is to accelerate sustainable socioeconomic development by funding physical, social and economic infrastructure. The bank's core goal is to improve the quality of life of the people of the region. The bank has a five-pronged strategy:

- co-deliver social and economic infrastructure, with a focus on the public sector
- build human and institutional capacity, with a focus on municipalities
- promote broad based economic growth, job creation, cooperation, integration and prosperity, with a focus on identified sectors, geographical areas and projects
- serve as a centre of excellence for development financing and effectiveness
- promote development sustainability, both internally and externally.

### *Siyenza Manje*

In partnership with National Treasury and the South African Local Government Association the Development Bank of Southern Africa is rolling out the Siyenza Manje (We are Doing it Now) flagship project, which was launched in 2006/07. The project deploys experts in engineering, finance, project management and town planning to second and third tier municipalities. By providing these resources, the Siyenza Manje programme aims to unlock municipal infrastructure grants and other funding from the fiscus, and to deploy priority skills in under capacitated municipalities and government departments. The aim is to accelerate the implementation of infrastructure projects, especially in water and sanitation.

Capacity has been bolstered with the deployment of 338 personnel in 2007/08 compared with 97 in the previous year. In 2007/08, the programme was supporting 155 municipalities, a significant increase on the 86 in 2006/07. Training in local government involved 2 676 delegates, including more than 500 delegates from the remaining SADC region participating in the programme.

### *Pan African capacity building platform*

In 2006/07, the Development Bank of Southern Africa and the Agence Française de Développement signed a five-year agreement that will regulate their working relationship in the creation of a joint pan-African capacity building platform. The focus of this agreement is a professional training programme in infrastructure project management, with a specific focus on the energy, water and sanitation, and transport sectors. The Development Bank of Southern Africa and the North West provincial government are making progress with their efforts to eradicate the bucket system and address sanitation backlogs in the province, which is part of this initiative.

### *Accelerated and Shared Growth Initiative for South Africa*

The Development Bank of Southern Africa has been involved in infrastructure initiatives linked to the Accelerated and Shared Growth Initiative for South Africa. These range from water and sanitation to rail and road, ICT, sport and recreation, and housing.

Examples include: the R25 million Hex Valley augmentation water scheme; technical assistance of R1.3 million to BEE participants in the independent power producer projects of the Department of Minerals and Energy; empowerment funding and project debt of R500 million for the Gautrain project; participation in capital raising and re-financing of the N4 toll road amounting to R140 million; approval of a R467 million loan to the second fixed line network operator; disbursement of funds for stadium infrastructure for the 2010 FIFA World Cup and monitoring and controlling systems developed for the construction phase; funding a housing project of R55 million in Polokwane; and an inner city accommodation project worth R54 million in Braamfontein. The bank is a key player in the Accelerated and Shared Growth Initiative for South Africa's Joint Initiative on Priority Skills Acquisition.

In 2006/07, the bank funded the R7.3 million Gillimburg Farming project in Limpopo, which seeks to establish an animal feed company to produce a stable supply of value adding animal feed products, creating 75 new jobs. The bank has also contributed to the funding and technical support of women in construction and supports small, micro and medium enterprises. The bank's loan disbursements are expected to increase from R3.9 billion in 2008 to R6.9 billion in 2012.

### *Focus over the medium term*

Over the next three years, the bank's strategy envisages the investment of R8 billion in Southern Africa and the deployment of 150 experts to develop and implement infrastructure projects. The growth will be on the sectors and projects identified in the Accelerated and Shared Growth Initiative of South Africa, the SADC regional indicative strategic development plan and the New Partnership for Africa's Development short term action plan for infrastructure. The Development Bank of Southern Africa is also involved in infrastructure initiatives ranging from water and sanitation to rail and road, ICT, sport and recreation, and housing.

## Selected performance and operations indicators

**Table 7.16 Development Bank of South Africa**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total value of disbursements (loans and equity) to infrastructure related projects	R3.1bn	R3.7bn	R3.9bn	R5.6bn	R6.2bn	R6.8bn	R7.2bn
Co-funding ratio (other funding as proportion of bank disbursements) <sup>1</sup>	–	1:5.32	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3
Cost to income ratio	33.7%	34.3%	37%	40%	41%	42%	43%
Total number of learners not employed by the bank trained at Vulindlela Academy	–	436	2 000	3 300	2 700	2 900	3 000
Total number of municipal officials trained at Vulindlela Academy	–	–	–	120	200	300	300
Value of municipality infrastructure grant and other infrastructure expenditure grants implemented in projects	–	–	R2bn	R3.8bn	R4bn	R5bn	R6bn
Total number of municipalities supported	–	20	60	140	160	180	200
Total number of technical projects completed	–	30	200	250	500	750	750
Total number of non-technical projects completed	–	–	160	200	300	300	300

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

## Service delivery and spending focus

Since its launch in 2006/07, Siyenza Manje has deployed 158 experts and 79 young graduates to municipalities and government departments to facilitate the proactive initiation and accelerated implementation of priority water and sanitation infrastructure projects.

Through the local organising committee of the 2010 FIFA World Cup partnership, the bank continued to support the host cities with developing infrastructure for the event. In the rest of the region, the bank extended its partnership programmes with institutions such as the African Development Bank, the Agence Française de

Développement and the Bank of Japan. The significant grant funding committed by the Agence Française de Développement in a new skills development partnership with the bank and the Industrial Development Corporation aims to develop approximately 100 skilled public sector delegates annually for deployment across the region.

The bank has maintained a healthy financial position characterised by strong growth in total assets (up by 19 per cent to R33.2 billion), higher net interest margins and sound returns on equity investments. Despite significant development challenges, the bank maintained a strong balance sheet during 2007/08 with its debt to equity ratio growing to 107.6 percent from 88.3 per cent in 2006/07.

The Development Bank of Southern Africa uses a unique social accounting matrix model to estimate the impact of its operations. The impact of the bank's disbursements on the GDP will be about R3 billion, contributing to the creation of 30 000 jobs in South Africa.

## Expenditure estimates

**Table 7.17 Development Bank of Southern Africa: Project information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Disbursements of loan and equity	1 707.0	1 755.2	2 161.3	1 789.5	2 209.7	3 014.3	3 147.6
Siyenza Manje	–	42.2	121.3	365.4	443.6	–	–
Vulindlela Academy	–	–	9.2	19.3	29.0	0.0	0.0
Sustainable Communities	–	–	12.6	60.5	69.0	0.1	0.0
<b>Total expense</b>	<b>1 707.0</b>	<b>1 797.4</b>	<b>2 304.4</b>	<b>2 234.7</b>	<b>2 751.3</b>	<b>3 014.4</b>	<b>3 147.6</b>

**Table 7.18 Development Bank of Southern Africa: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>2 635.4</b>	<b>3 080.2</b>	<b>3 570.3</b>	<b>3 332.7</b>	<b>3 882.8</b>	<b>4 327.4</b>	<b>4 564.9</b>
Sale of goods and services other than capital assets	56.2	46.8	54.1	88.5	112.4	133.0	146.2
<i>of which:</i>							
<i>Sales by market establishments</i>	56.2	46.8	54.1	88.5	112.4	133.0	146.2
Interest on loans	2 579.2	3 033.4	3 516.2	3 244.2	3 770.4	4 194.4	4 418.6
<b>Total revenue</b>	<b>2 635.4</b>	<b>3 080.2</b>	<b>3 570.3</b>	<b>3 332.7</b>	<b>3 882.8</b>	<b>4 327.4</b>	<b>4 564.9</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>1 472.9</b>	<b>1 763.9</b>	<b>2 258.1</b>	<b>2 165.4</b>	<b>2 605.7</b>	<b>2 860.0</b>	<b>2 983.9</b>
Compensation of employees	290.8	346.8	398.4	392.5	439.2	465.5	493.5
Goods and services	115.4	168.0	515.9	365.7	372.0	372.3	397.2
Depreciation	6.8	5.6	5.8	8.4	9.5	13.3	17.8
Interest, dividends and rent on land	1 059.9	1 243.4	1 338.1	1 398.8	1 785.0	2 008.8	2 075.4
<b>Transfers and subsidies</b>	<b>234.1</b>	<b>33.5</b>	<b>46.3</b>	<b>69.3</b>	<b>145.7</b>	<b>154.4</b>	<b>163.7</b>
<b>Total expenses</b>	<b>1 707.0</b>	<b>1 797.4</b>	<b>2 304.4</b>	<b>2 234.7</b>	<b>2 751.3</b>	<b>3 014.4</b>	<b>3 147.6</b>
<b>Surplus / (Deficit)</b>	<b>928.4</b>	<b>1 282.8</b>	<b>1 265.9</b>	<b>1 098.0</b>	<b>1 131.4</b>	<b>1 313.0</b>	<b>1 417.3</b>

**Table 7.18 Development Bank of Southern Africa: Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial position</b>							
Carrying value of assets	210.7	283.7	318.5	401.4	410.0	428.3	498.0
of which: Acquisition of assets	32.2	2.7	35.0	91.4	18.0	31.6	87.5
Investments	7 328.6	6 316.8	7 191.6	5 066.9	6 982.9	7 699.3	7 020.8
Loans	17 321.9	20 218.2	23 307.5	26 921.9	30 473.1	32 514.7	34 785.0
Receivables and prepayments	103.5	168.8	114.9	189.4	200.8	212.8	225.6
Cash and cash equivalents	1 454.0	890.4	2 313.8	3 639.4	1 624.9	1 733.9	2 820.1
<b>Total assets</b>	<b>26 418.7</b>	<b>27 877.9</b>	<b>33 246.3</b>	<b>36 219.0</b>	<b>39 691.6</b>	<b>42 588.9</b>	<b>45 349.4</b>
Capital and reserves	13 218.7	14 538.2	15 779.9	16 652.3	18 214.2	19 331.9	20 617.5
Borrowings	12 467.2	12 666.6	16 780.5	18 832.4	20 709.7	22 453.6	23 890.6
Post-retirement benefits	130.9	172.2	195.8	172.2	172.2	172.2	172.2
Trade and other payables	602.0	500.8	490.1	562.2	595.5	631.2	669.1
<b>Total equity and liabilities</b>	<b>26 418.7</b>	<b>27 877.9</b>	<b>33 246.3</b>	<b>36 219.0</b>	<b>39 691.6</b>	<b>42 588.9</b>	<b>45 349.4</b>

### Expenditure trends

The bank's annual expenditure on financial contributions towards development increased over the five-year period from R98.6 million in 2003/04 (or 8 per cent of the operational surplus) to R308.4 million, that is 22 per cent of operational surplus in 2007/08. Current financial budgets and forecasts indicate that this ratio may grow to as much as 45 per cent over the next three years, which is why the bank is paying particular attention to managing its financial risk. Total assets grew by 19.3 per cent to R33.2 billion from 2005/06 to 2007/08, owing mainly to the 19.3 per cent growth in income earning assets. Development loans have grown by 15.8 per cent to R26.9 billion in 2008/09.

## The Land Bank

### Strategic overview: 2005/06 – 2011/12

The Land Bank is an agricultural development finance institution whose mission is to support developing and resource poor farmers by providing them with retail, wholesale, project and micro-finance. As a specialist agricultural financier, the bank's aim is to improve the sector by providing the necessary support, especially for training and capacity building of (development) farmers and the sustainability of the sector.

#### *Turnaround strategy*

Key components of the Land Bank's turnaround strategy to ensure that it delivers on its mandate include a focus on promoting previously disadvantaged individuals in the agriculture sector and promoting sustainable development and BEE in the agricultural sector. The bank's support to previously disadvantaged communities should help government with the redistribution of 30 per cent of agricultural land by 2014, and other land reform objectives.

#### *Focus on development*

The Land Bank is refocusing its strategy on development as core to its business to address its business challenges. With only 4 per cent of loans having gone to development projects, the Land Bank has been unable to grow in line with its mandate as a development finance institution. The new focus will be on improving its financial position and re-aligning the bank's operations with its mandate.

#### *Better financial management*

The Land Bank will put initiatives in place to improve its liquidity position, lengthen the maturity profile of investments, minimise short term refinancing risks, as well as increase rollovers and the issuing of new funding. The biggest concern has been the declining loan book – a decline from R14.1 billion to R12.4 billion. Equity (retained earnings) is set at a healthy R1.8 billion (excluding the government guarantee of R1.5 billion). The

decrease in funds and administration was mainly due to the Micro-Agricultural Financial Institutions of South Africa fund remaining flat because the bank had stopped disbursing funds. Proper procedures and controls had to be put in place to ensure that irregularities could be avoided in future. National Treasury developed a policy that required the Land Bank to maintain fixed and floating assets.

Government has reaffirmed its support to the Land Bank by extending a capital guarantee of R1.5 billion, and a further cash injection of R700 million to support its turnaround strategy and to provide a prudent level of capital adequacy to ensure that the bank fulfils its mandate.

### Selected performance and operations indicators

**Table 9.19 The Land Bank**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Funds set aside for agricultural development	R421m	R428m	R432m	R586m	R1.186bn	R2.386m	R4.773m
Ratio of expense to income	58.9 %	81 %	74.2 %	129 %	114.8 %	138.1 %	145.5 %
Loan book quality	11.4 %	15.3 %	17.6 %	16.2 %	20 %	20 %	20 %
Net interest margin	–	2.75 %	3.57 %	3.42 %	3.31 %	2.77 %	2.66 %
Capital adequacy ratio (including guarantee from National Treasury)	9.58%	18.41 %	24.46 %	25.32 %	24 %	22.68 %	21.06 %

### Service delivery and spending focus

The Land Bank has made significant progress in regaining investor confidence by refining and stabilising its processes. This is reflected in the longer term funding that the bank is able to obtain in the markets. During 2007/08, the Land Bank grappled with a range of adverse developments. These included low levels of capitalisation and sustainability concerns, which partly emanated from a high number of non-performing loans and write-offs, damage to its reputation and weakening stakeholder confidence, the migration of clients to the private sector, and concerns regarding the alignment of its mandate with government policy.

In 2008, the asset and liability management division of National Treasury conducted two meetings with the Land Bank about progress since the transfer of the Land Bank from the Minister of Agriculture and Land Affairs to the Minister of Finance in 2008/09.

The Land Bank focused on three issues:

- restructuring the bank's operations, based on the recommendations of the McKinsey and the development finance institution review reports
- stabilising the bank, by stabilising its financial and operational position, including identifying new funding sources and adjusting the funding structure, reducing running costs, and boosting the human resource capacity and IT systems
- planning the way forward, by focusing on reworking both the short and long term goals of the bank, the redevelopment and the approval of the corporate plan and turnaround strategy.

### Expenditure estimates

**Table 7.20 Land and Agricultural Bank of South Africa: Objective information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Financing development farmers and related agricultural businesses	1 896.7	1 885.9	1 892.3	2 031.0	1 862.9	1 966.6	2 022.3
<b>Total expense</b>	<b>1 896.7</b>	<b>1 885.9</b>	<b>1 892.3</b>	<b>2 031.0</b>	<b>1 862.9</b>	<b>1 966.6</b>	<b>2 022.3</b>

**Table 7.21 Land and Agricultural Bank of South Africa: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>1 962.3</b>	<b>1 875.8</b>	<b>2 062.1</b>	<b>2 283.0</b>	<b>1 928.8</b>	<b>1 940.4</b>	<b>1 934.9</b>
Sale of goods and services other than capital assets	54.0	70.6	31.5	20.5	71.1	76.6	44.8
of which:							
Admin fees	22.0	43.4	27.1	14.0	26.6	28.2	30.0
Sales by market establishments	31.7	26.6	4.4	6.5	44.5	48.4	14.8
Other sales	0.2	0.7	—	—	—	—	—
Interest on loans	1 908.3	1 805.1	2 030.7	2 262.5	1 857.6	1 863.8	1 890.2
<b>Total revenue</b>	<b>1 962.3</b>	<b>1 875.8</b>	<b>2 062.1</b>	<b>2 283.0</b>	<b>1 928.8</b>	<b>1 940.4</b>	<b>1 934.9</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>1 892.5</b>	<b>1 881.6</b>	<b>1 892.3</b>	<b>2 031.0</b>	<b>1 862.9</b>	<b>1 966.6</b>	<b>2 022.3</b>
Compensation of employees	200.9	229.0	234.3	252.8	292.9	309.9	329.4
Goods and services	460.4	365.0	259.3	445.4	343.4	363.8	386.9
Depreciation	9.1	12.3	13.1	7.9	6.1	6.0	6.2
Interest, dividends and rent on land	1 222.1	1 275.3	1 385.6	1 325.0	1 220.5	1 286.9	1 299.8
<b>Transfers and subsidies</b>	<b>4.2</b>	<b>4.3</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total expenses</b>	<b>1 896.7</b>	<b>1 885.9</b>	<b>1 892.3</b>	<b>2 031.0</b>	<b>1 862.9</b>	<b>1 966.6</b>	<b>2 022.3</b>
<b>Surplus / (Deficit)</b>	<b>65.6</b>	<b>(10.1)</b>	<b>169.9</b>	<b>252.0</b>	<b>65.9</b>	<b>(26.2)</b>	<b>(87.4)</b>
<b>Statement of financial position</b>							
Carrying value of assets	230.9	271.3	244.7	242.4	241.7	241.1	241.0
of which: Acquisition of assets	26.6	48.6	4.3	1.6	1.9	1.8	1.9
Investments	1 204.1	1 285.3	274.7	191.9	203.4	215.2	228.7
Loans	14 951.9	15 598.9	14 102.1	12 977.4	14 275.1	14 869.3	15 412.6
Receivables and prepayments	49.9	29.8	6.4	7.0	7.4	7.9	8.3
Cash and cash equivalents	3 249.9	1 118.3	1 444.0	1 884.0	1 997.0	2 102.9	2 235.4
Assets not classified elsewhere	—	—	305.8	328.8	—	—	—
<b>Total assets</b>	<b>19 686.6</b>	<b>18 303.6</b>	<b>16 377.7</b>	<b>15 631.5</b>	<b>16 724.6</b>	<b>17 436.4</b>	<b>18 126.0</b>
Accumulated surplus/deficit	1 693.8	1 696.7	1 709.7	1 961.7	2 027.6	2 001.4	1 914.0
Borrowings	17 589.4	16 195.6	13 554.5	12 298.7	13 528.5	14 204.9	14 915.2
Trade and other payables	198.3	204.2	136.5	129.4	137.2	145.1	154.3
Provisions	205.2	207.0	224.9	495.6	248.0	262.3	278.9
Managed funds	—	—	752.1	746.1	783.4	822.5	863.7
<b>Total equity and liabilities</b>	<b>19 686.6</b>	<b>18 303.6</b>	<b>16 377.7</b>	<b>15 631.5</b>	<b>16 724.6</b>	<b>17 436.4</b>	<b>18 126.0</b>

### Expenditure trends

In 2004/05, the Land Bank recorded total revenue of R2.5 billion, which declined by 10 per cent in 2005/06. In 2006/07, a slight increase was realised when it recorded a 24 per cent increase of R96.6 million. In 2007/08, total revenue closed at R2.1 billion, which is 17.5 per cent below total revenue in 2004/05. This indicates that the Land Bank's revenue is on a declining trend. This is largely due to decreases in interest income because some clients are failing to service their debt. In 2005/06, the Land Bank recorded losses that translated to a negative profit margin of 16.1 per cent. In 2006/07, a slight improvement of 3.1 per cent was recorded in the profit margin. By the end of 2007/08, there was a positive margin of 0.8 per cent when it recorded a net profit of R17.5 million.

The Land Bank's total expenses are mainly driven by personnel costs. On average, these costs make up about 43 per cent of total expenses. This is because as a financial services organisation, its business is human resource driven. The significant increase in expenses in 2008/09 is attributable to accruals that the bank had effected. These costs include professional fees for the clean-up project, anticipated claims against the bank and employee related expenses. These costs are once-off in nature and not expected to recur. Interest income is not expected to increase significantly as a lot of interest might have to be suspended or written off if the current trend in the development loan book persists. However, much effort is going to be channelled towards ensuring that development farmers are assisted and monitored to reduce associated risks.



## Additional tables

**Table 7.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	143.7	219.0	177.6	181.6	17.8	199.4	196.1
2. Public Finance and Budget Management	172.4	223.7	212.0	195.9	31.2	227.1	232.0
3. Asset and Liability Management	57.7	76.0	57.8	61.4	8.0	69.3	67.5
4. Financial Management and Systems	722.2	368.7	267.9	540.9	(240.8)	300.1	261.7
5. Financial Accounting and Reporting	82.1	94.1	98.8	105.7	106.5	212.2	208.5
6. Economic Policy and International Financial Relations	86.7	117.2	93.2	82.5	11.3	93.8	91.0
7. Provincial and Local Government Transfers	7 159.3	7 384.3	6 992.7	7 956.7	(18.7)	7 938.0	7 651.7
8. Civil and Military Pensions, Contributions to Funds and Other Benefits	2 338.3	2 238.3	2 176.8	2 352.7	(39.0)	2 313.7	2 296.0
9. Fiscal Transfers	8 945.7	9 027.2	8 889.3	9 840.8	10 229.7	20 070.5	20 070.5
<b>Subtotal</b>	<b>19 708.2</b>	<b>19 748.4</b>	<b>18 966.2</b>	<b>21 318.2</b>	<b>10 106.0</b>	<b>31 424.2</b>	<b>31 075.0</b>
<b>Direct charge against the National Revenue Fund</b>	<b>224 187.4</b>	<b>225 798.5</b>	<b>225 738.6</b>	<b>250 613.0</b>	<b>7 322.9</b>	<b>257 935.9</b>	<b>258 290.9</b>
Provinces equitable share	171 271.4	172 861.5	172 861.5	199 377.0	4 632.9	204 009.9	204 009.9
State debt costs	52 916.0	52 937.0	52 877.1	51 236.0	2 690.0	53 926.0	54 281.0
<b>Total</b>	<b>243 895.6</b>	<b>245 546.9</b>	<b>244 704.7</b>	<b>271 931.2</b>	<b>17 428.9</b>	<b>289 360.1</b>	<b>289 365.9</b>

  

Economic classification							
<b>Current payments</b>	<b>54 134.4</b>	<b>55 306.9</b>	<b>53 742.8</b>	<b>52 352.9</b>	<b>2 534.0</b>	<b>54 886.9</b>	<b>55 196.8</b>
Compensation of employees	317.7	1 640.8	272.7	326.8	(12.5)	314.3	318.3
Goods and services	900.6	729.1	588.3	790.1	(143.5)	646.6	597.5
Interest and rent on land	52 916.0	52 937.0	52 877.1	51 236.0	2 690.0	53 926.0	54 281.0
Financial transactions in assets and liabilities	–	–	4.7	–	–	–	–
<b>Transfers and subsidies</b>	<b>189 749.3</b>	<b>190 209.3</b>	<b>190 948.9</b>	<b>219 566.9</b>	<b>14 896.1</b>	<b>234 463.0</b>	<b>234 159.0</b>
Provinces and municipalities	178 180.7	180 245.8	179 854.2	207 210.7	4 652.2	211 862.9	211 654.4
Departmental agencies and accounts	8 452.5	8 211.3	8 218.6	9 192.5	333.9	9 526.4	9 448.6
Universities and technikons	5.0	5.0	2.3	5.5	–	5.5	5.5
Public corporations and private enterprises	278.6	278.7	222.4	296.8	9 950.0	10 246.8	10 246.8
Foreign governments and international organisations	512.6	594.1	503.8	527.8	14.6	542.4	542.4
Non-profit institutions	0.1	0.1	0.1	0.1	–	0.1	0.1
Households	2 319.8	874.3	2 147.4	2 333.5	(54.6)	2 278.9	2 261.2
<b>Payments for capital assets</b>	<b>11.9</b>	<b>30.7</b>	<b>13.0</b>	<b>11.4</b>	<b>(1.2)</b>	<b>10.1</b>	<b>10.1</b>
Machinery and equipment	11.2	28.6	13.0	10.3	0.1	10.5	10.5
Software and intangible assets	0.7	2.1	–	1.1	(1.4)	(0.3)	(0.3)
<b>Total</b>	<b>243 895.6</b>	<b>245 546.9</b>	<b>244 704.7</b>	<b>271 931.2</b>	<b>17 428.9</b>	<b>289 360.1</b>	<b>289 365.9</b>

**Table 7.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	196.3	226.6	264.5	307.2	326.6	360.7	386.5
Unit cost (R million)	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Personnel numbers (head count)	710	732	782	897	897	897	897
<b>Interns</b>							
Compensation of interns (R million)	3.1	4.3	8.2	7.1	7.7	8.1	8.6
Unit cost (R million)	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Number of interns	50	55	435	60	60	60	60
<b>Total for department</b>							
<b>Compensation (R million)</b>	199.4	230.9	272.7	314.3	334.2	368.8	395.1
<b>Unit cost (R million)</b>	0.3	0.3	0.2	0.3	0.3	0.4	0.4
<b>Personnel numbers (head count)</b>	760	787	1 217	957	957	957	957

**Table 7.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	199.4	230.9	272.7	314.3	334.2	368.8	395.1
Training expenditure (R million)	16.5	9.3	16.1	16.9	33.6	20.9	23.6
Training as percentage of compensation	8.3%	4.0%	5.9%	5.4%	10.0%	5.7%	6.0%
Total number trained in department (head count)	362	884	993	792			
<i>of which:</i>							
Employees receiving bursaries (head count)	60	74	70	46			
Internships trained (head count)	50	55	435	46			
Households receiving bursaries (R million)	–	0.4	0.6	0.8	1.0	1.0	1.1
Households receiving bursaries (head count)	–	18	20	20			

**Table 7.D Summary of conditional grants to provinces and municipalities<sup>1</sup>**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
<b>Conditional grants to provinces</b>							
<b>7. Provincial and Local Government Transfers</b>							
Infrastructure grant to provinces	2 984.1	4 983.5	6 026.2	7 384.5	9 249.2	11 314.9	13 091.2
Gautrain loan	–	–	–	–	4 200.0	–	–
Transitional grant: North West	–	–	250.0	–	–	–	–
<b>Total</b>	<b>2 984.1</b>	<b>4 983.5</b>	<b>6 276.2</b>	<b>7 384.5</b>	<b>13 449.2</b>	<b>11 314.9</b>	<b>13 091.2</b>
<b>Conditional grants to municipalities</b>							
<b>7. Provincial and Local Government Transfers</b>							
Local government restructuring grant	255.0	265.0	530.0	–	–	–	–
Financial management grant: Municipalities	132.5	145.3	145.3	180.0	300.0	364.6	384.6
Neighbourhood development partnership grant	–	–	41.2	288.5	582.0	630.0	840.4
<b>Total</b>	<b>387.5</b>	<b>410.3</b>	<b>716.5</b>	<b>468.5</b>	<b>882.0</b>	<b>994.6</b>	<b>1 225.1</b>

1. Detail provided in the Division of Revenue Act (2009)



Table 7.E Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign In cash</b>												
European Union	Technical assistance team phase I	Public Finance and Budget Management	3 054	Goods and services	Provided technical and management support to programmes	–	3 045	28	–	–	–	–
Japan Development Corporation Information System	Establish and operationalise a management information system	Public Finance and Budget Management	302	Goods and services	Development Corporation Information System upgrade	77	229	22	–	–	–	–
European Union	Technical assistance team phase II	Public Finance and Budget Management	6 834	Goods and services	Provided technical and management support to various donor funded programmes	3 242	3 592	–	–	–	–	–
Sweden	Collaborative African Budget Reform Initiative	Economic Policy and International Financial Relations	2 428	Goods and services	Organise and participate in annual Africa budget reform workshops	236	344	570	985	–	–	–
Norway	Capacity building for aid effectiveness	Public Finance and Budget Management	4 852	Goods and services	Capacity building of officials on management of aid	–	–	–	–	–	–	–
Canada	Capacity building technical assistance facility	Public Finance and Budget Management	67 349	Goods and services	Provide capacity building to all spheres of government to achieve timely, adequate, gender sensitive, pro-poor service delivery	–	–	8 638	36 449	22 262	–	–
European Union	Financial management improvement	Public Finance and Budget Management	4 141	Goods and services	Raise government's financial management performance	5 127	–	–	–	–	–	–
European Union	International development cooperation support programme	Public Finance and Budget Management	30 000	Goods and services	Official development assistance prioritisation principles and framework and a proactive mobilisation strategy were completed	1 821	–	–	–	–	–	–
European Union	Official development assistance programme	Public Finance and Budget Management	110 000	Goods and services	Leveraging the official development assistance programme to improve outcome orientated delivery systems	–	–	–	5 000	7 000	1 200	–
European Commission	Strengthening the secretariat of the Collaborative Africa Budget Reform Initiative	Economic Policy and International Financial Relations	2 390	Goods and services	Technical and logistical support personnel recruited	–	–	–	–	2 390	–	–
African Development Bank	Strengthening budget practices and procedures in Africa	Economic Policy and International Financial Relations	1 007	Goods and services	Establish budget resource centre, conduct research on regional public goods, and publish report on budget practices and procedures	–	–	–	–	1 007	–	–

Table 7.E Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome				Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand													
<b>Foreign In cash</b>													
Irish Aid	Support of the 5th annual Collaborative Africa Budget Reform Initiative seminar	Economic Policy and International Financial Relations	896	Goods and services	Seminar to be held in April 2009	–	–	–	–	–	896	–	–
European Union	Financial management improvement programme (II)	Financial Accounting and Reporting	9 266	Compensation of employees	Salary for project management of the programme	–	–	–	–	–	8 363	913	–
European Union	Financial management improvement programme (II)	Financial Accounting and Reporting	786	Goods and services	Operational costs to support the rollout of the implementation of the programme	–	–	–	–	–	724	66	–
<b>In kind</b>													
Department for International Development	Consolidation of municipal transformation programmes	Public Finance and Budget Management	8 038	Goods and services	Support the implementation of the Municipal Finance Management Act (2003)	1 000	3 519	3 519	2 500	–	–	–	–
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Strengthening local government programme	Public Finance and Budget Management	10 810	Goods and services	Support the implementation of the Municipal Finance Management Act (2003)	4 100	3 355	3 355	2 200	–	–	–	–
United Nations Development Programme	Sustainable urban development programme	Public Finance and Budget Management	1 800	Goods and services	Technical assistance in developing guidelines for the management of official development assistance	720	720	360	–	–	–	–	–
United States Agency for International Development	Support for the implementation of the Municipal Finance Management Act (2003)	Public Finance and Budget Management	2 000	Goods and services	Support the implementation of the Municipal Finance Management Act (2003)	2 000	–	–	–	–	–	–	–
	Black economic empowerment review	Economic Policy and International Financial Relations	130	Goods and services	Compiled report on the black economic empowerment review	–	130	130	–	–	–	–	–
	Housing tax incentives	Economic Policy and International Financial Relations	185	Goods and services	Provided housing tax incentives	–	185	185	–	–	–	–	–
	Commission for Gender Equality workshop with University of Cape Town	Economic Policy and International Financial Relations	113	Goods and services	Increased capacity and improved Commission for Gender Equality analysis	–	113	113	–	–	–	–	–
	Labour market vulnerability and social protection	Economic Policy and International Financial Relations	525	Goods and services	Workshops on labour, market vulnerability and social protection	–	5 255	525	–	–	–	–	–
	Economic advice	Public Finance and Budget Management	365	Goods and services	Increased capacity in microeconomic policy analysis	–	365	365	–	–	–	–	–

Table 7.E Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
In kind												
United States Agency for International Development	Funding of guidelines on consultants and collaboration (public private partnership unit)	Public Finance and Budget Management	10 839	Goods and services	Published guidelines on consultants and collaboration on the public private partnership unit's website	3 258	2 839	2 839	-	-	-	-
						215	-	-	-	-	-	-
	Support for economic growth and analysis	Economic Policy and International Financial Relations	215	Goods and services	Scholarships and study aids for students completing identified fields in economics	1 005	-	-	-	-	-	-
						2 561	-	-	-	-	-	-
	Support for economic growth and analysis	Public Finance and Budget Management	2 561	Goods and services	Technical expertise to assist in the development of new data	4 814	-	-	-	-	-	-
						-	300	300	-	-	-	-
		Public Finance and Budget Management	1 262	Goods and services	Research on rural land studies conducted	-	1 262	1 262	-	-	-	-
						-	988	988	-	-	-	-
		Economic Policy and International Financial Relations	1 600	Goods and services	Temporary placement of United States Treasury officials at National Treasury	1 600	-	-	-	-	-	-
						147	-	-	-	-	-	-
United States Agency for International Development	Limited scope grant agreement	Public Finance and Budget Management	1 890	Goods and services	Increased collaboration and joint planning approaches with intervention as identified on a yearly basis	-	-	-	-	-	-	-
	Limited scope grant agreement	Public Finance and Budget Management	-	Goods and services	Increased collaboration and joint planning approaches with intervention as identified on a yearly basis	-	-	377	-	-	-	-

Table 7.E Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>In kind</b>												
	Limited scope grant agreement	Public Finance and Budget Management	1 035	Goods and services	Increased collaboration and joint planning approaches with intervention as identified on a yearly basis	-	-	-	5 076	-	-	-
	Limited scope grant agreement	Public Finance and Budget Management	10 000	Goods and services	Increased collaboration and joint planning approaches with intervention as identified on a yearly basis	-	-	-	-	5 000	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Strengthening support to the Collaborative Africa Budget Reform Initiative secretariat	Economic Policy and International Financial Relations	4 482	Goods and services	Hold regular dialogues, develop common African positions and establish decision making structures and rules and procedures	-	-	-	-	4 482	-	-
European Union	Financial management improvement programme (II)	Financial Accounting and Reporting	38 833	Compensation of employees	Salaries for advisors to support rollout of Public Finance Management Act and Municipal Finance Management Act implementation as objectives of the financial management improvement programme II	-	-	-	-	38 833	-	-
European Union	Financial management improvement programme (II)	Financial Accounting and Reporting	3 178	Goods and services	Operational costs to support rollout of Public Finance Management Act and Municipal Finance Management Act implementation as objectives of the financial management improvement programme II	-	-	-	-	23 599	-	-
<b>Local In kind</b>												
University of Cape Town	Modelling and forecasting	Economic Policy and International Financial Relations	33	Goods and services	Increased capacity and improved microeconomic policy analysis	-	-	-	-	-	-	-
<b>Total</b>			<b>350 531</b>			<b>31 923</b>	<b>21 589</b>	<b>23 654</b>	<b>52 210</b>	<b>114 546</b>	<b>2 179</b>	<b>-</b>

Table 7.F Summary of expenditure on infrastructure

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
					2005/06	2006/07		2007/08	2009/10	2010/11	2011/12
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)											
Infrastructure grant to provinces	Roads, clinics, hospitals and schools	Conditional grant to supplement provincial infrastructure projects	Implementation stage	33 655.3	2 984.1	4 983.5	6 276.2	7 384.5	9 249.2	11 314.9	13 091.2
	Social and economic town regeneration plan		Implementation stage	2 354.6	–	50.0	41.2	373.5	661.4	753.8	939.4
Small projects or programmes (costing less than R50 million per annum)											
Refurbishment of 240 Vermeulen Street	Church Square	Refurbishment of SITA Centurion	Refurbishment of 120 Plein Street	–	12.9	2.2	3.0	–	–	–	–
Refurbishment of 40 Church Square				–	5.6	–	–	–	–	–	–
Refurbishment of SITA Centurion				–	15.0	–	–	–	–	–	–
Refurbishment of 120 Plein Street				–	–	–	6.8	–	–	–	–
Refurbishment of 28 Church Square				–	–	–	–	–	–	–	–
Total				36 009.9	3 017.6	5 035.7	6 327.3	7 768.0	9 910.6	12 068.7	14 030.6

# Vote 8

## Public Administration Leadership and Management Academy

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	57.3	55.6	–	1.7	63.3	65.7
Public Sector Organisational and Staff Development	61.9	–	61.9	–	64.0	67.8
<b>Total expenditure estimates</b>	<b>119.3</b>	<b>55.6</b>	<b>61.9</b>	<b>1.7</b>	<b>127.3</b>	<b>133.5</b>
Executive authority	Minister of Public Service and Administration					
Accounting officer	Director-General of the Public Administration Leadership and Management Academy					
Website address	www.samdi.gov.za					

### Aim

*The aim of the Public Administration Leadership and Training Academy is to provide or coordinate the provision of training and management development interventions that lead to improved performance and service delivery in the public sector.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Facilitate overall management of PALAMA and provide support services for its organisational functions.

#### Programme 2: Public Sector Organisational and Staff Development

**Purpose:** Facilitate transfer payments to the training trading account for management development and the training of public sector employees.

### Strategic overview: 2005/06 – 2011/12

The statutory responsibility of the Public Administration Leadership and Management Academy (PALAMA) is to provide or coordinate training to public servants and conduct examinations and tests. With the approval of the Minister for Public Service and Administration, the academy issues diplomas and certificates.

The former South African Management Development Institute began being reconstituted as PALAMA from November 2006. A new strategy was developed and consulted with unions and a corresponding organisational structure put in place. A much larger management team was recruited, and PALAMA was formally launched in August 2008. With more than 250 000 junior, middle and senior managers in some 140 national and provincial government departments in 9 provinces, there is a need for quality leadership development and management training.

PALAMA's strategy has three aspects: to change from being a provider to a facilitator of leadership development and management training; to no longer be a competitor with other service providers, but rather a collaborator; and to significantly broaden the academy's coverage and reach.

PALAMA is thus collaborating with provincial academies and local government training entities to procure training provision from a broad range of external service providers: higher education institutions, further education colleges, and private sector organisations. This will enable the delivery of many more training interventions, measured by person training days. PALAMA is also extending its capacities for programme development and review, contract and project management, research, monitoring and evaluation, and quality management.

### Activities for senior and junior management

The new strategy is being implemented in two main streams of activity:

- At the level of the senior management service, the academy coordinates the provision of executive development programmes by consortiums of higher education institutions as well as international assistance for interventions for top level public servants. These programmes and interventions are intended to develop the leadership competencies specified by the Department of Public Service and Administration.
- For junior and middle managers (about 250 000 across the three levels of government), the academy is developing and managing a national learning framework to extend and coordinate training delivery. The framework comprises curriculums, materials, quality assurance and course accreditation, and the monitoring of service provision. It is informed by the Department of Public Service and Administration's strategy for developing human resources in the public service.

The programmes or courses in the learning framework for junior management are tailored to the management competencies required at different levels, address the values and knowledge required for the public service in a developmental state, are being accredited by the Public Service Sector Education and Training Authority and other relevant sector education and training authorities, and complement training in other government departments.

In addition, a mass induction programme is seeking to reach the 75 000 new entrants to the public service each year to inculcate a commitment to Batho Pele and an awareness of South Africa's development challenges. (This excludes approximately 25 000 educators and public servants in the health sector, whose induction is being managed by their departments.)

### Managing performance

In implementing the new strategy through these activities, PALAMA has adopted the balanced scorecard approach to managing its performance and strategic objectives. The academy's new strategic objectives under this approach are:

- deliver PALAMA's mandated services to users and partners
- develop and maintain effective relations with key stakeholders
- contribute to collaborative inter-organisational undertakings
- ensure sound corporate governance of the academy
- effect ongoing transformation.

These objectives help to align the distinct contributions of the different branches in the new organisational structure. They are cascaded into the annual performance agreements of managers in each branch and the work plans of their teams. The academy's nine branches fall into three broad groups: the executive development branch; the four branches that collectively foster large scale training interventions for junior and middle managers; and four support service branches, including international relations.

### Training targets over the medium term

The overall target is that by 2011/12 the 250 000 middle and junior managers in the public service will receive at least five formal person training days a year, in line with an international benchmark. It is envisaged that by then some 60 per cent of the overall task will be managed by trainers within departments, who will themselves

have been trained for this role. (This includes public servants in the education and health sectors outside these departments' own induction programmes.) The balance of the task will involve some 425 000 person training days to be provided externally at the national, provincial and local levels.

## Selected performance and operations indicators

Selected performance and operations indicators are reported under the training trading account, which funds PALAMA's training activities.

## Expenditure estimates

**Table 8.1 Public Administration Leadership and Management Academy**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	29.0	32.4	73.9	54.2	54.2	57.3	63.3	65.7
2. Public Sector Organisational and Staff Development	26.4	25.9	57.2	51.3	51.3	61.9	64.0	67.8
<b>Total</b>	<b>55.4</b>	<b>58.3</b>	<b>131.1</b>	<b>105.5</b>	<b>105.5</b>	<b>119.3</b>	<b>127.3</b>	<b>133.5</b>
Change to 2008 Budget estimate				–	–	(2.3)	(4.2)	(5.8)

  

Economic classification								
<b>Current payments</b>	<b>27.4</b>	<b>33.0</b>	<b>66.3</b>	<b>51.8</b>	<b>51.8</b>	<b>55.6</b>	<b>61.4</b>	<b>63.7</b>
Compensation of employees	11.0	13.2	13.3	19.4	19.4	23.0	24.1	25.5
Goods and services	16.4	19.7	52.9	32.4	32.4	32.6	37.3	38.2
of which:								
Administrative fees	16.4	19.7	52.9	32.4	32.4	32.6	37.3	38.2
Financial transactions in assets and liabilities	–	–	0.0	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>24.8</b>	<b>23.1</b>	<b>57.2</b>	<b>51.3</b>	<b>51.3</b>	<b>61.9</b>	<b>64.0</b>	<b>67.8</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–	–
Departmental agencies and accounts	24.8	23.1	57.2	51.3	51.3	61.9	64.0	67.8
<b>Payments for capital assets</b>	<b>3.2</b>	<b>2.2</b>	<b>7.6</b>	<b>2.4</b>	<b>2.4</b>	<b>1.7</b>	<b>1.9</b>	<b>2.0</b>
Machinery and equipment	3.2	2.2	7.4	1.5	1.5	1.7	1.8	2.0
Software and other intangible assets	0.0	0.1	0.2	0.9	0.9	0.1	0.1	0.1
<b>Total</b>	<b>55.4</b>	<b>58.3</b>	<b>131.1</b>	<b>105.5</b>	<b>105.5</b>	<b>119.3</b>	<b>127.3</b>	<b>133.5</b>

## Expenditure trends

Total expenditure grew from R55.4 million in 2005/06 to R105.5 million in 2008/09 at an average annual rate of 24 per cent. An additional amount of R60 million was made available in the 2007 adjusted Budget. This was once-off support for equipping the new PALAMA premises under the *Administration* programme (R32 million), and start-up for mass induction training under the *Public Sector Organisational and Staff Development* programme (R28 million). Support for mass induction training is sustained into 2008/09 as support for capacity building. Adjustments for inflation between 2009/10 and 2011/12 bring the average annual growth in spending over the medium term to an anticipated 8.2 per cent.

Savings of R3.4 million in 2009/10, R5.4 million in 2010/11 and R7.1 million in 2011/12 have been identified in goods and services and transfer payments to public entities.



## Departmental receipts

Departmental receipts consist mainly of commission on insurance premiums deducted from employees' salaries, parking fees, and interest on departmental debt. Revenue for training services is received by the training trading account and does not form part of departmental receipts.

**Table 8.2 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>196</b>	<b>177</b>	<b>459</b>	<b>106</b>	<b>171</b>	<b>72</b>	<b>77</b>	<b>81</b>
Sales of goods and services produced by department	8	141	127	56	56	58	62	65
Interest, dividends and rent on land	–	–	–	–	1	–	–	–
Financial transactions in assets and liabilities	188	36	332	50	114	14	15	16
<b>Total</b>	<b>196</b>	<b>177</b>	<b>459</b>	<b>106</b>	<b>171</b>	<b>72</b>	<b>77</b>	<b>81</b>

## Programme 1: Administration

PALAMA has nine branches. The three administrative branches fall under *Administration*. The other six, which deliver the training services, fall under the training trading account in the *Public Sector Organisational and Staff Development* programme.

- *Finance* oversees both the finance and accounting functions of the new academy. An expanded and modernised financial accounting section manages the significant number of debtors arising from the large projected number of training events per year and reimburses training institutions, service providers and other subcontractors.
- *Corporate Services* oversees human resource management and development, ICT, and buildings and operations. The academy's strategic shift implies larger and different responsibilities for this subprogramme, including the management of provincial sites, outsourced ICT, and buildings and operations.
- *Governance and Strategic Support* supports the director-general and top management. It oversees strategic functions and the transformation of the academy, as well as the communications, contract and project management, and knowledge management functions required by the other branches.

## Expenditure estimates

**Table 8.3 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	4.3	4.9	14.4	17.3	15.6	19.7	20.2
Corporate Services	24.7	27.1	59.5	32.6	37.3	38.8	40.5
Property Management	–	0.4	–	4.4	4.4	4.7	5.0
<b>Total</b>	<b>29.0</b>	<b>32.4</b>	<b>73.9</b>	<b>54.2</b>	<b>57.3</b>	<b>63.3</b>	<b>65.7</b>
Change to 2008 Budget estimate				–	(1.9)	(3.6)	(5.2)

Table 8.3 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>25.7</b>	<b>30.1</b>	<b>66.3</b>	<b>51.8</b>	<b>55.6</b>	<b>61.4</b>	<b>63.7</b>
Compensation of employees	9.5	11.0	13.3	19.4	23.0	24.1	25.5
Goods and services	16.2	19.2	52.9	32.4	32.6	37.3	38.2
<i>of which:</i>							
Administrative fees	16.2	19.2	52.9	32.4	32.6	37.3	38.2
Financial transactions in assets and liabilities	–	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>3.2</b>	<b>2.2</b>	<b>7.6</b>	<b>2.4</b>	<b>1.7</b>	<b>1.9</b>	<b>2.0</b>
Machinery and equipment	3.2	2.2	7.4	1.5	1.7	1.8	2.0
Software and other intangible assets	0.0	0.1	0.2	0.9	0.1	0.1	0.1
<b>Total</b>	<b>29.0</b>	<b>32.4</b>	<b>73.9</b>	<b>54.2</b>	<b>57.3</b>	<b>63.3</b>	<b>65.7</b>

## Expenditure trends

Expenditure in the *Administration* programme increased from R29 million in 2005/06 to R54.2 million in 2008/09, at an average annual rate of 23.3 per cent. An additional amount of R32 million was provided in the 2007 adjusted Budget for rental, furniture and fixtures for the new PALAMA office premises. Expenditure over the MTEF period is anticipated to grow at an average annual rate of 6.6 per cent, and provides for the reconstitution of PALAMA as an academy, and related capacity building.

## Programme 2: Public Sector Organisational and Staff Development

- *Augmentation of Training Trading Account* provides monthly transfers for augmenting the trading account.

## Objectives and measures

Objectives and measures under this programme are reported under the training trading account, which funds PALAMA's training activities.

## Expenditure estimates

Table 8.4 Public Sector Organisational and Staff Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Public Sector Organisational and Staff Development	1.7	2.8	–	–	–	–	–
Augmentation of Training Trading Account	24.8	23.1	57.2	51.3	61.9	64.0	67.8
<b>Total</b>	<b>26.4</b>	<b>25.9</b>	<b>57.2</b>	<b>51.3</b>	<b>61.9</b>	<b>64.0</b>	<b>67.8</b>
Change to 2008 Budget estimate				–	(0.4)	(0.6)	(0.7)
<b>Economic classification</b>							
<b>Current payments</b>	<b>1.7</b>	<b>2.8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Compensation of employees	1.4	2.3	–	–	–	–	–
Goods and services	0.2	0.6	–	–	–	–	–
<i>of which:</i>							
Administrative fees	0.2	0.6	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>24.8</b>	<b>23.1</b>	<b>57.2</b>	<b>51.3</b>	<b>61.9</b>	<b>64.0</b>	<b>67.8</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	24.8	23.1	57.2	51.3	61.9	64.0	67.8
<b>Total</b>	<b>26.4</b>	<b>25.9</b>	<b>57.2</b>	<b>51.3</b>	<b>61.9</b>	<b>64.0</b>	<b>67.8</b>

**Table 8.4 Public Sector Organisational and Staff Development (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>24.8</b>	<b>23.1</b>	<b>57.2</b>	<b>51.3</b>	<b>61.9</b>	<b>64.0</b>	<b>67.8</b>
Augmentation of Training Trading Account	24.8	23.1	57.2	51.3	61.9	64.0	67.8

## Expenditure trends

Expenditure increased from R26.4 million in 2005/06 to R51.3 million in 2008/09, at an average annual rate of 24.7 per cent. This was due mainly to the additional amount of R28 million in the 2007 adjusted Budget for the start-up infrastructure for mass induction training. The increase is sustained in 2008/09 and beyond to support the finalisation of the reconstitution of PALAMA and ongoing capacity building. Over the MTEF period, average annual growth is expected to be 9.7 per cent. The increases in total expenditure between 2009/10 and 2011/12 are inflation related.

## Public entities and other agencies

### Training trading account

The training trading account, operational since April 2002, is a mechanism for partially recovering the costs of training programmes. The six branches of PALAMA that are funded through the training trading account facilitate and monitor leadership development and management training at all three levels of government, in collaboration with provincial academies and local government training entities.

- *Executive Development* works with universities and universities of technology to deliver training at senior management service level. With a target of 10 000 senior management service members, this branch facilitates training for upper and lower senior management service members. It also houses research services for the academy on benchmarks, developments and best practices in public service capacity development.
- *Curriculum Design, Accreditation and Quality* designs or commissions the design of the course material to be used by training providers, sees to its accreditation to assure quality, and seeks to advance the contribution of e-learning.
- *Junior and Middle Management Services Providers* mobilises and coordinates the range of organisations that provide training, provides them with continuing professional development, and monitors the actual provision.
- *Training Coordination* links users of training at all levels to training opportunities from providers. To this end, PALAMA has established a high-tech countrywide contact centre, which also handles referrals to provincial academies and local government training entities and their training providers.
- *Business Development* communicates the opportunities for training to user departments countrywide, especially since about three-quarters of potential trainees are in provincial departments or provincial sites of national departments. It is therefore assigning staff at regional sites to collaborate with provincial academies and local government training entities.
- *International Relations* manages projects with other African countries. It links to the African Management Development Institute's network, and provides the focal point for donor relations.

## Selected performance and operations indicators

**Table 8.5 Training Trading Account**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of training courses accredited each year	2	4	5	11	6	6	6
Number of actual person training days each year <sup>1</sup>	79 133	98 450	104 292	120 000	185 000	280 000	425 000
Total number of certificates of competency issued	200	655	1 932	2 000	2 600	3 500	4 700
Revenue from course fees each year	R36.2m	R42.4m	R53.4m	R93.7m	R109.7m	R128.4m	R150.2m
Average number of days to collect debt	195	208	189	192	177	162	132

1. There are 50 000 less projected person training days than those in the 2007 ENE because the Department of Education, and prospectively the Department of Health, wish to assume responsibility for inducting their new staff.

## Objectives and measures

- Improve the capacity of the state to deliver services by raising the skills levels of civil servants through competency based training of 425 000 person training days per year by 2011/12.
- Improve the quality of training by accrediting 6 courses per year on a rolling schedule between 2009/10 and 2011/12.

## Service delivery and spending focus

PALAMA spent its entire budget in 2007/08, including the amount received from the 2007 adjusted Budget to equip the new premises. It achieved unqualified audit reports for the fifth consecutive year. This was noted in its appearance before the standing committee on public accounts, which also commended the active role of the audit committee and the internal audit function. 34 appointees from the 42 advertised senior management service posts had taken office by the end of January 2009, and the balance have been re-advertised. The new building was equipped and furnished before the launch of the academy in August 2008, and modernised ICT infrastructure has subsequently been installed. On the basis of statistics for the first 8 months of 2008/09, person training days exceed those for the first 8 months of last year by approximately a fifth. The target of 120 000 person training days for 2008/09 is likely to be met, despite the demands of the reconstitution and new premises.

PALAMA issues certificates of competence for certain of its programmes, notably those that are accredited through higher education institutions. Based on a comparison with last year, when 1 932 certificates were awarded, it is likely that the 2008/09 target of 2 000 certificates will be met. New governance related courses are being accredited, and are at different stages of rollout. They span gender mainstreaming, disability management, anti-corruption, and HIV and AIDS in the workplace. Supply chain courses have been taught in nearly every municipality, and financial management courses are in the pipeline. 9 courses have been newly accredited, and the accreditation of 2 more is in process to meet the 2008/09 target of 11 new accreditations.

A multi-prong marketing strategy has been devised to engage with key stakeholders at all levels of government. Partnerships have been established with several stakeholders, for example the Western Cape Academy and the Local Government Leadership Academy. PALAMA has brought together a network of public service sectoral colleges, for example in the justice, foreign affairs, defence and other departments, and hosted the first meeting in March 2008. The interprovincial forum managed by PALAMA, comprising senior officials involved in training from provincial academies, premiers' offices, local government and the Department of Public Service and Administration, has been working on joint projects such as the design of a senior management service induction programme. PALAMA's international projects are being rapidly expanded, with substantial donor support. For example, in the Democratic Republic of the Congo PALAMA trains hundreds of public servants each year and is supporting the revival of a management development institute, and in Rwanda, Burundi and Southern Sudan it is helping management institutes develop their capacity to provide innovative and relevant training and support activities.

## Expenditure estimates

**Table 8.6 PALAMA Training Trading Account: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>39.4</b>	<b>47.7</b>	<b>61.0</b>	<b>44.0</b>	<b>48.5</b>	<b>53.0</b>	<b>56.2</b>
Sale of goods and services other than capital assets	36.2	42.4	53.4	43.8	48.3	52.8	56.0
<i>of which:</i>							
<i>Sales by market establishments</i>	36.2	42.4	53.4	43.8	48.3	52.8	56.0
<i>Other non-tax revenue</i>	3.2	5.3	7.6	0.2	0.2	0.2	0.2
<b>Transfers received</b>	<b>24.8</b>	<b>24.4</b>	<b>62.2</b>	<b>51.3</b>	<b>61.9</b>	<b>64.0</b>	<b>67.8</b>
<b>Total revenue</b>	<b>64.1</b>	<b>72.0</b>	<b>123.2</b>	<b>95.3</b>	<b>110.4</b>	<b>117.0</b>	<b>124.0</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>44.4</b>	<b>58.3</b>	<b>85.5</b>	<b>93.7</b>	<b>109.1</b>	<b>115.8</b>	<b>122.7</b>
Compensation of employees	18.7	21.7	26.4	43.7	52.2	59.4	63.0
Goods and services	25.2	35.9	58.2	49.0	56.0	55.4	58.7
Depreciation	0.4	0.8	0.9	0.9	0.9	1.0	1.0
<b>Transfers and subsidies</b>	<b>–</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total expenses</b>	<b>44.4</b>	<b>58.3</b>	<b>85.5</b>	<b>93.7</b>	<b>109.1</b>	<b>115.8</b>	<b>122.7</b>
<b>Surplus / (Deficit)</b>	<b>19.7</b>	<b>13.7</b>	<b>37.7</b>	<b>1.7</b>	<b>1.3</b>	<b>1.2</b>	<b>1.3</b>
<b>Statement of financial position</b>							
Carrying value of assets	0.9	1.3	1.6	2.2	2.7	3.4	4.1
<i>of which: Acquisition of assets</i>	0.4	1.3	1.2	1.4	1.5	1.6	1.7
Receivables and prepayments	19.4	24.2	28.7	22.8	25.0	27.3	30.0
Cash and cash equivalents	24.3	31.6	79.9	30.0	28.6	29.8	32.8
<b>Total assets</b>	<b>44.6</b>	<b>57.2</b>	<b>110.3</b>	<b>54.9</b>	<b>56.4</b>	<b>60.5</b>	<b>66.9</b>
Accumulated surplus/deficit	37.5	51.2	88.9	49.2	50.0	53.5	59.3
Trade and other payables	2.0	4.0	19.2	4.0	4.5	5.0	5.5
Provisions	3.1	1.9	2.2	1.7	1.9	2.0	2.1
Managed funds	2.0	–	–	–	–	–	–
<b>Total equity and liabilities</b>	<b>44.6</b>	<b>57.2</b>	<b>110.3</b>	<b>54.9</b>	<b>56.4</b>	<b>60.5</b>	<b>66.9</b>

## Expenditure trends

Total expenditure in the training trading account increased from R44.4 million in 2005/06 to R93.7 million in 2008/09, at an average annual rate of 28.3 per cent, due mainly to expenditure on outsourced training partners and on establishing PALAMA. Expenditure is projected to grow at an average annual rate of 9.4 per cent over the medium term, to reach R122.7 million in 2011/12. Future increases will include the cost of planned new functions such as the monitoring and evaluation of training provision.

Total revenue (including the augmentation) increased from R64.1 million in 2005/06 to R95.3 million in 2008/09 at an average annual rate of 14.1 per cent. It is expected that revenue will continue to grow over the MTEF period, to R124 million, based on additional management revenue from the annually increasing number of person training days.

## Additional tables

**Table 8.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	41.9	73.9	73.9	54.2	–	54.2	54.2
2. Public Sector Organisational and Staff Development	29.2	57.2	57.2	51.3	–	51.3	51.3
<b>Total</b>	<b>71.1</b>	<b>131.1</b>	<b>131.1</b>	<b>105.5</b>	<b>–</b>	<b>105.5</b>	<b>105.5</b>

  

<b>Economic classification</b>							
<b>Current payments</b>	<b>40.3</b>	<b>70.3</b>	<b>66.3</b>	<b>51.8</b>	<b>–</b>	<b>51.8</b>	<b>51.8</b>
Compensation of employees	17.5	17.5	13.3	19.4	–	19.4	19.4
Goods and services	22.8	52.8	52.9	32.4	–	32.4	32.4
Financial transactions in assets and liabilities	–	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>29.2</b>	<b>57.2</b>	<b>57.2</b>	<b>51.3</b>	<b>–</b>	<b>51.3</b>	<b>51.3</b>
Departmental agencies and accounts	29.2	57.2	57.2	51.3	–	51.3	51.3
<b>Payments for capital assets</b>	<b>1.6</b>	<b>3.6</b>	<b>7.6</b>	<b>2.4</b>	<b>–</b>	<b>2.4</b>	<b>2.4</b>
Machinery and equipment	1.6	3.6	7.4	1.5	–	1.5	1.5
Software and intangible assets	0.1	0.1	0.2	0.9	–	0.9	0.9
<b>Total</b>	<b>71.1</b>	<b>131.1</b>	<b>131.1</b>	<b>105.5</b>	<b>–</b>	<b>105.5</b>	<b>105.5</b>

**Table 8.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	10.6	12.8	12.9	19.0	22.5	23.6	25.0
Unit cost (R million)	0.1	0.2	0.2	0.2	0.3	0.3	0.3
Personnel numbers (head count)	71	72	75	83	90	90	90
<b>Interns</b>							
Compensation of interns (R million)	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	16	18	18	18	18	18	18
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>11.0</b>	<b>13.2</b>	<b>13.3</b>	<b>19.4</b>	<b>23.0</b>	<b>24.1</b>	<b>25.5</b>
<b>Unit cost (R million)</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Personnel numbers (head count)</b>	<b>87</b>	<b>90</b>	<b>93</b>	<b>101</b>	<b>108</b>	<b>108</b>	<b>108</b>

**Table 8.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	11.0	13.2	13.3	19.4	23.0	24.1	25.5
Training expenditure (R million)	0.1	1.0	0.2	0.2	0.2	0.2	0.3
Training as percentage of compensation	1.4%	7.8%	1.3%	1.0%	1.0%	1.0%	1.0%
Total number trained in department (head count)	77	235	50	–			
of which:							
Employees receiving bursaries (head count)	19	22	24	–			
Internships trained (head count)	20	18	20	–			

Table 8.D Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign</b>												
<b>In cash</b>												
Canadian International Development Agency	Gender mainstreaming	Administration	24 077	Goods and services	Unit standards, curriculum framework and training materials for a 4-day South African Qualification Authority accredited gender mainstreaming course were developed. Training rollout began in October 2008. Integrated gender action plan was developed	-	-	5 306	10 426	10 337	4 899	-
The Royal Netherlands Embassy	Local government capacity building	Administration	2 395	Goods and services	Fort Hare University appointed to customise training material	-	-	1	2 000	-	-	-
Flemish government	Development programme for women managers	Administration	500	Goods and services	Designed and implemented the framework for a gender equality and empowerment programme, including the rollout of management and other training programmes, and the requisite support structures	328	-	568	-	-	-	-
Japan International Cooperation Agency	Training-of-trainers programme for capacity building of Management Development Institutes in Africa	Administration	680	Goods and services	Provide training-of-trainers programme for at least 200 trainers from African regions to facilitate key development areas identified through the African Management Development Institute Network	-	-	-	1 200	1 200	-	-
Canadian International Development Agency	Public sector training and development in countries emerging from conflict	Administration	78 435	Goods and services	Improve the management and leadership capability of the public service in 3 countries (Rwanda, Burundi, and Southern Sudan) through training and development	-	-	-	7 063	19 297	15 822	16 068
European Union	Public service management development programme	Administration	6 800	Goods and services	Number of public servants trained in senior management service over the last 5 years	1 343	-	-	-	-	-	-
<b>Total</b>			<b>112 887</b>			<b>1 671</b>		<b>5 875</b>	<b>20 689</b>	<b>30 834</b>	<b>20 721</b>	<b>16 068</b>

# Vote 9

## Public Service and Administration

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	108.8	107.2	0.1	1.5	121.9	129.7
Human Resource Management and Development in Government	68.7	46.9	21.9	–	74.9	67.3
Management of Compensation in Government	51.2	51.2	–	0.1	61.3	65.6
Information and Technology Management in Government	41.5	41.5	–	0.1	49.7	52.9
Service Delivery Improvement throughout Government	32.7	32.7	–	–	36.7	39.1
Governance for Public Service and Administration	41.0	40.6	0.4	0.1	45.3	48.7
Centre of Public Service Innovation	11.8	11.8	–	–	13.0	14.0
<b>Total expenditure estimates</b>	<b>355.8</b>	<b>331.8</b>	<b>22.3</b>	<b>1.6</b>	<b>402.8</b>	<b>417.4</b>
Executive authority	Minister for Public Service and Administration					
Accounting officer	Director-General of Public Service and Administration					
Website address	www.dpsa.gov.za					

### Aim

*The aim of the Department of Public Service and Administration is to lead the modernisation of the public service by assisting government departments to implement their management policies, systems and structural solutions within a generally applicable framework of norms and standards to improve service delivery.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide policy, strategic leadership and overall management of the department.

#### Programme 2: Human Resource Management and Development in Government

**Purpose:** Develop and implement an integrated strategy, monitor employment practices, conduct human resource planning and diversity management, and improve the health and wellbeing of public service employees.

#### Programme 3: Management of Compensation in Government

**Purpose:** Develop and implement compensation policies and guidelines for the public sector and ensure coordinated bargaining and effective programme management for the establishment of the single public service.

#### Programme 4: Information and Technology Management in Government

**Purpose:** Ensure the effective use of IT in government, and facilitate the use of information technology for modernising government and establishing e-government practices, within an acceptable information security environment.



## **Programme 5: Service Delivery Improvement throughout Government**

**Purpose:** Engage in supportive interventions and partnerships which improve efficiency and effectiveness as well as innovative learning and knowledge based modes and practices of service delivery in the public service.

## **Programme 6: Governance for Public Service and Administration**

**Purpose:** Improve governance and public administration for improved service delivery in Africa and other participating countries worldwide, in support of the vision of efficiency and increased public participation in governance, by fighting corruption and carrying out participatory monitoring.

## **Programme 7: Centre for Public Service Innovation**

**Purpose:** Unlock innovation in the public sector and create an enabling environment for improved and innovative service delivery.

## **Strategic overview: 2005/06 – 2011/12**

The Department of Public Service and Administration was established to provide policy making support to the Minister for Public Service and Administration. The aim was to transform and modernise the public service to promote service delivery. In its first four years, the main focus was on the development of new policies. From 2000, the focus changed to implementation to improve service delivery.

Since 2005/06, the department has placed particular emphasis on transforming the public service by developing and refining policies and regulations in pursuit of South Africa's developmental agenda. The mandate of the Department of Public Service and Administration has evolved over time, and there is a growing demand for the department to actively support public service institutions to implement policies. In response, the department reorganised itself and introduced programmes on research and knowledge management, and monitoring and evaluation, among others.

In addition, capacity was strengthened to make it possible for the department to engage differently with its primary clients, that is national and provincial government departments. Alternative engagement strategies include implementation frameworks and guides, various learning platforms, subject specific steering committees and forums, hands-on training, and deploying officials to departments experiencing multiple challenges. These strategies continue to be implemented alongside the department's initial delivery strategy, which was characterised by distance support to clients through directives and occasional meetings when necessary.

### **Strategy to meet challenges**

Government has put in place sound policies and regulations and guidelines have been developed to facilitate their implementation. However, the public service is still confronted by many challenges, including low levels of compliance, poor implementation, and a failure to demonstrate the impact of programmes. These challenges are demonstrated by service delivery failures, corruption and maladministration, and poor coordination between departments and across the spheres of government. The challenges to government objectives demonstrate that the mandate of the Department of Public Service and Administration is still relevant. The department's view is that its alternative strategies of the past few years should be intensified, and that policies should be reviewed and new legislation developed when necessary. In the medium term, this will consolidate initiatives and improve service delivery, and in the long term improve the public service.

The objectives underpinning the department's medium term strategy include: developing and strengthening the capacity of the state through efficient, effective and sustainable systems; strengthening the public sector through institutional reform; promoting good governance in the public sector and building an effective and caring government; developing the human resource capacity of the public sector; and pursuing strategic international partnerships to consolidate South Africa's regional and international public administration agenda.

## Programme structure changes

The Department of Public Service and Administration has made some changes to its programme structure. *Service Delivery Improvement* is now called *Service Delivery Improvement throughout Government*, emphasising that this programme does not just promote service delivery improvement in a particular department or in the Department of Public Service and Administration itself. The Centre for Public Service Innovation has been moved from *Service Delivery Improvement throughout Government* to become a programme of its own. The centre will remain a government component, but its funding is expected to be through a transfer payment in future.

## A single public service

In May 2006, Cabinet approved the development of a single public service. This involved the design of framework legislation and regulations for all three spheres of government. Stakeholder consultations on the draft Single Public Service Bill began in July 2007. The bill was tabled in Parliament in 2008, but has subsequently been withdrawn for further consultation with stakeholders.

The single public service is a strategic initiative aimed at promoting and accelerating access to services. Minimum standards for service delivery across the three spheres of government will be developed and remuneration and conditions of service for government workers in all the spheres will be aligned. The rationale for the latter is to improve the mobility of government human resources, especially to very vulnerable areas.

## Selected performance and operations indicators

**Table 9.1 Public Service and Administration**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of departments where HR Connect skills database is implemented	Human Resource Management and Development in Government	–	5	22	22	50	50	23
Number of staff in municipalities trained to train their colleagues to understand and use service delivery improvement plans each year	Service Delivery Improvement throughout Government	–	106	193	274	300	315	330
Number of employee health and wellness practitioners trained in mainstreaming HIV and AIDS each year	Human Resource Management and Development in Government	–	–	250	680	400	400	400
Percentage of national departments assisted as a result of monitoring and evaluation early warning assessments	Governance for Public Service and Administration	–	100%	100%	100%	100%	100%	100%
Number of departments assisted with the ministerial directives on organisational structuring each year	Human Resource Management and Development in Government	–	30	51	42	55	62	80
Number of departments assisted with organisational design interventions each year	Human Resource Management and Development in Government	12	6	12	6	3	3	3
Number of national or provincial departments assisted to implement the policy on incapacity leave and ill health retirement each year	Management of Compensation in Government	13	137	137	137	137	137	137
Number of Thusong centres successfully ICT connected each year	Information and Technology Management in Government	–	–	–	43	48	48	–

## Expenditure estimates

**Table 9.2 Public Service and Administration**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	59.1	62.0	89.3	91.0	91.0	108.8	121.9	129.7
2. Human Resource Management and Development in Government	41.4	41.6	45.4	56.9	53.5	68.7	74.9	67.3
3. Management of Compensation in Government	26.6	168.1	116.5	143.1	143.1	51.2	61.3	65.6
4. Information and Technology Management in Government	22.0	33.1	38.3	35.1	35.1	41.5	49.7	52.9
5. Service Delivery Improvement throughout Government	23.2	51.5	38.7	31.3	31.3	32.7	36.7	39.1
6. Governance for Public Service and Administration	20.1	66.6	31.2	44.1	44.1	41.0	45.3	48.7
7. Centre of Public Service Innovation	4.7	6.6	11.0	18.8	18.8	11.8	13.0	14.0
<b>Total</b>	<b>197.0</b>	<b>429.4</b>	<b>370.4</b>	<b>420.2</b>	<b>416.8</b>	<b>355.8</b>	<b>402.8</b>	<b>417.4</b>
Change to 2008 Budget estimate				7.9	4.5	5.0	4.5	(4.8)

**Economic classification**

<b>Current payments</b>	<b>188.7</b>	<b>345.7</b>	<b>366.2</b>	<b>416.6</b>	<b>410.8</b>	<b>331.8</b>	<b>377.5</b>	<b>390.8</b>
Compensation of employees	72.1	92.5	115.8	133.1	130.6	137.9	159.5	171.2
Goods and services	116.6	253.2	250.4	283.6	280.2	193.9	218.0	219.5
<i>of which:</i>								
Administrative fees	0.2	0.2	0.9	0.6	0.6	0.6	0.6	0.6
Advertising	4.6	6.0	24.9	7.8	7.8	7.1	7.2	7.6
Assets less than R5 000	3.7	3.1	0.7	3.4	3.4	3.1	2.7	2.8
Audit costs: External	0.8	1.8	1.7	2.2	2.2	2.3	2.4	2.5
Bursaries (employees)	0.2	0.3	0.6	0.3	0.3	0.4	0.4	0.4
Catering: Departmental activities	–	1.9	0.8	1.7	1.7	1.9	1.6	1.7
Communication	4.2	6.8	3.7	5.8	5.8	7.6	8.3	8.9
Computer services	8.2	28.2	36.3	29.0	29.0	32.9	39.7	42.1
Consultants and professional services:	3.4	1.0	0.8	49.2	49.2	47.5	54.8	48.3
Business and advisory services								
Consultants and professional services:	0.4	0.5	0.6	0.5	0.5	0.5	0.6	0.6
Legal costs								
Contractors	1.0	72.9	82.8	89.6	86.2	11.7	12.6	13.3
Agency and support / outsourced services	35.1	53.6	28.3	0.2	0.2	0.4	0.4	0.5
Entertainment	1.8	1.1	0.6	0.8	0.8	0.5	0.5	0.6
Inventory: Materials and supplies	0.3	0.4	0.4	0.7	0.7	1.1	1.1	1.1
Inventory: Other consumables	0.3	0.5	0.3	0.6	0.6	0.1	0.1	0.1
Inventory: Stationery and printing	6.3	11.2	9.4	12.9	12.9	13.0	15.5	14.3
Lease payments	9.5	2.8	13.3	26.8	26.8	22.1	25.1	26.8
Owned and leasehold property expenditure	0.4	1.0	0.0	0.1	0.1	0.0	0.0	0.0
Travel and subsistence	25.6	35.6	30.6	30.9	30.9	28.5	31.1	33.2
Training and development	1.5	2.0	2.2	2.4	2.4	2.4	2.6	2.7
Operating expenditure	1.0	1.4	2.7	1.9	1.9	2.7	2.4	2.6
Venues and facilities	8.1	20.7	8.8	15.8	15.8	7.4	8.0	8.4
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.4</b>	<b>76.2</b>	<b>0.8</b>	<b>1.4</b>	<b>3.9</b>	<b>22.3</b>	<b>23.4</b>	<b>24.5</b>
Provinces and municipalities	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Departmental agencies and accounts	–	–	–	–	–	21.8	22.8	24.0
Public corporations and private enterprises	0.0	75.2	0.5	0.1	0.1	0.1	0.1	0.1
Foreign governments and international organisations	0.1	0.4	0.2	0.7	0.6	0.4	0.5	0.5
Households	0.0	0.6	0.0	0.7	3.2	–	–	–
<b>Payments for capital assets</b>	<b>7.9</b>	<b>7.4</b>	<b>3.4</b>	<b>2.1</b>	<b>2.1</b>	<b>1.6</b>	<b>1.9</b>	<b>2.1</b>
Machinery and equipment	7.9	7.3	3.4	2.0	2.1	1.5	1.8	2.1
Software and other intangible assets	0.0	0.1	–	0.1	0.0	0.1	0.1	–
<b>Total</b>	<b>197.0</b>	<b>429.4</b>	<b>370.4</b>	<b>420.2</b>	<b>416.8</b>	<b>355.8</b>	<b>402.8</b>	<b>417.4</b>

## Expenditure trends

Between 2005/06 and 2008/09, expenditure increased from R197 million to R420 million at an average annual rate of 28.7 per cent. The increase is mostly due to changes in the *Management of Compensation in Government* and *Governance for Public Service and Administration* programmes, where additional funding was made available to cover the implementation of the government employee's medical scheme, the policy on incapacity leave and ill health retirement and the African peer review mechanism.

The increase in the *Administration* programme's budget over the medium term is mainly due to the devolution of accommodation funds from the Department of Public Works to national departments.

The transfer payment in the *Public Service Education Training Authority* subprogramme in the *Human Resource Management and Development in Government* programme constitutes 32.5 per cent of this programme's expenditure over the medium term. Rollover funding in 2008/09 and additional funding in 2009/10 and 2010/11 are allocated to the *Human Resource Planning* subprogramme in the *Human Resource Management and Development in Government* programme for the rollout of the HR Connect skills database to departments.

The budget of the *Management of Compensation in Government* programme decreases significantly from R143.1 million in 2008/09 to R51.2 million in 2009/10 due to the decentralisation of the policy on incapacity leave and ill-health retirement to national and provincial departments in 2009/10. Additional funding was received for licence fees for the job evaluation equate system in the two outer years of the MTEF period.

An allocation for the CabEnet project in the *Information and Technology Management in Government* programme increased this programme's budget at an average annual rate of 16.9 per cent from 2005/06 to 2008/09. The budget stabilises over the medium term at average annual growth of 14.7 per cent.

The *Service Delivery Improvement throughout Government* programme shows average annual growth of 10.5 per cent between 2005/06 and 2008/09, and 7.7 per cent over the medium term. Major cost drivers include Batho Pele change management and service delivery improvement initiatives.

The sharp increase in the *Governance for Public Service and Administration* programme, from R20.1 million in 2005/06 to R66.6 million in 2006/07, is directly linked to the African peer review mechanism process, the national anti-corruption programme, and hosting the Global Forum V on fighting corruption and safeguarding integrity. Once-off expenditure in 2008/09 for the sixth Pan African conference hosted by the department distorts expenditure trends in this programme.

Compensation of employees increased from R72.1 million in 2005/06 to R133.1 million in 2008/09 at an average annual rate of 22.7 per cent. Additional amounts of R12 million and R14.9 million are allocated in 2010/11 and 2011/12 for expanding the department's human resource capacity, a process which started in 2007/08.

## Savings and reprioritisation

Cost containment measures of R47.1 million over the medium term have been identified in all programmes. The bulk of the savings will be identified under goods and services. The department revised its travel and subsistence policy, closely examines the use of consultants before outsourcing, and will manage inventory, entertainment, catering and communication expenditure tightly.

The initial allocation for the policy on incapacity leave and ill-health retirement was lower than anticipated, and in 2007/08, R11.1 million had to be reprioritised from all the other programmes to the *Management of Compensation in Government* programme for this.

The reorganisation of the department from April 2008 has caused the budget allocation for compensation of employees to be adjusted over the MTEF period.

## Departmental receipts

The department estimates revenue of approximately R540 000 in 2008/09, mostly generated from parking fees, interest on bursary debts, commissions, and donations from public corporations and international organisations. Receipts are estimated to remain relatively stable over the MTEF period. Once-off amounts were received in 2005/06 from the Centre for Public Service Innovation (R7.8 million), when it became part of the department and had to close its bank account, and the African Renaissance Fund (R1 million), for assistance for a project in the Democratic Republic of the Congo. A once-off amount of R926 347 was received in 2006/07 from the Eastern Cape department of health for money owed to the department for the assistance provided by the integrated management team.

**Table 9.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>11 841</b>	<b>1 463</b>	<b>2 078</b>	<b>510</b>	<b>540</b>	<b>534</b>	<b>560</b>	<b>611</b>
Sales of goods and services produced by department	52	287	214	150	150	162	169	188
Transfers received	10 430	100	1 200	200	200	210	220	240
Interest, dividends and rent on land	3	4	13	12	12	12	12	13
Sales of capital assets	247	(4)	–	–	–	–	–	–
Financial transactions in assets and liabilities	1 109	1 076	651	148	178	150	159	170
<b>Total</b>	<b>11 841</b>	<b>1 463</b>	<b>2 078</b>	<b>510</b>	<b>540</b>	<b>534</b>	<b>560</b>	<b>611</b>

## Programme 1: Administration

### Expenditure estimates

**Table 9.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	0.9	1.0	1.6	1.7	1.8	1.9
Management	9.8	11.2	14.1	14.7	16.4	18.6	19.8
Corporate Services	41.4	48.9	59.9	60.8	62.7	70.3	74.7
Property Management	7.1	1.1	14.4	13.9	27.9	31.2	33.3
<b>Total</b>	<b>59.1</b>	<b>62.0</b>	<b>89.3</b>	<b>91.0</b>	<b>108.8</b>	<b>121.9</b>	<b>129.7</b>
Change to 2008 Budget estimate				(5.4)	2.5	6.5	7.4

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

Table 9.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>56.2</b>	<b>57.6</b>	<b>86.0</b>	<b>89.0</b>	<b>107.2</b>	<b>120.1</b>	<b>127.8</b>
Compensation of employees	24.1	31.7	38.8	43.9	44.9	52.1	55.5
Goods and services	32.1	25.9	47.2	45.0	62.3	68.0	72.2
of which:							
Advertising	1.2	1.0	2.0	2.7	3.2	3.5	3.7
Assets less than R5 000	1.9	1.7	0.6	1.7	2.2	1.9	1.9
Audit costs: External	0.8	0.9	0.8	1.0	1.0	1.1	1.1
Bursaries (employees)	0.2	0.3	0.6	0.3	0.3	0.3	0.3
Catering: Departmental activities	–	0.5	0.2	0.3	0.6	0.7	0.7
Communication	1.9	1.6	1.6	1.3	1.3	1.4	1.5
Computer services	2.9	2.8	6.7	7.0	7.4	7.8	8.3
Consultants and professional services: Business and advisory services	1.4	0.4	0.1	1.6	1.9	1.9	2.0
Contractors	0.5	0.9	7.2	1.0	9.0	9.7	10.2
Agency and support / outsourced services	2.6	2.1	1.4	0.1	0.2	0.2	0.2
Inventory: Materials and supplies	0.2	0.4	0.3	0.6	1.0	1.1	1.1
Inventory: Stationery and printing	0.9	1.9	2.4	1.6	2.1	2.2	2.4
Lease payments	7.7	2.0	9.3	15.4	20.4	23.3	24.9
Owned and leasehold property expenditure	0.2	0.5	0.0	0.1	0.0	0.0	0.0
Travel and subsistence	6.7	5.9	9.8	7.0	8.2	9.4	10.0
Training and development	0.4	0.7	0.6	0.7	0.6	0.7	0.7
Operating expenditure	0.5	0.8	1.4	0.7	1.1	1.2	1.3
Venues and facilities	1.0	0.8	1.2	0.8	0.8	0.9	0.9
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Provinces and municipalities	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Public corporations and private enterprises	–	0.1	0.1	0.1	0.1	0.1	0.1
Foreign governments and international organisations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Households	–	0.1	0.0	0.0	–	–	–
<b>Payments for capital assets</b>	<b>2.8</b>	<b>4.2</b>	<b>3.3</b>	<b>1.9</b>	<b>1.5</b>	<b>1.7</b>	<b>1.9</b>
Machinery and equipment	2.8	4.2	3.3	1.8	1.4	1.6	1.9
Software and other intangible assets	–	–	–	0.1	0.1	0.1	–
<b>Total</b>	<b>59.1</b>	<b>62.0</b>	<b>89.3</b>	<b>91.0</b>	<b>108.8</b>	<b>121.9</b>	<b>129.7</b>

## Expenditure trends

Between 2005/06 and 2008/09, expenditure increased at an average annual rate of 15.5 per cent due to the increase in staff, the additional allocation for the devolved funds from the Department of Public Works (R7.9 million), and additional funding for new accommodation (R11.6 million) in 2007/08.

Over the MTEF period, the largest increase can be seen in the *Office Administration* subprogramme, mainly for additional accommodation due to the increase in the number of staff.

The 2009 Budget allocations include additional technical inflationary adjustments over the medium term of R3.4 million, R3 million and R3.1 million in compensation of employees. Technical inflationary adjustments were also made in payments for capital assets: R82 000, R162 000 and R208 000.



## Programme 2: Human Resource Management and Development in Government

- *Management.*
- *Employment Practice and Career Management* develops transversal policies, prescripts and interventions in the senior and middle management services. It is also responsible for the strategic positioning and delivery model of the human resource function in the public service.
- *Senior Management Service* ensures that there is a professional management cadre in the public service by establishing and implementing competency based management and performance management systems through the development of transversal employment policies, prescripts and guidelines, and other career practices for senior management service members.
- *Human Resource Planning* provides advice, develops policies, prescripts, processes and systems, and conducts interventions to improve human resource planning at departmental and macro level.
- *Diversity Management* develops policy and guidelines on employment equity in the public service to remove barriers of access into and within the workplace for targeted groups and prevent direct and indirect discrimination against designated groups, through targeted strategies.
- *Employee Health and Wellness* promotes and manages health and wellness in the public service and improves the quality of work life through focused strategies and a holistic framework.
- *Human Resource Development* aims to improve the competency levels of public servants through capacity development activities, such as internships, learnerships and skills programmes, to ensure a constant pool of productive and contributing employees.
  - Public Service Education and Training Authority *develops a coordinated framework for providing appropriate and adequate public service education and training.*

Funding for all subprogrammes is mainly used for salaries and other personnel related costs.

### Objectives and measures

- Ensure the optimal health, wellness, and safety of public servants by equipping government departments with the necessary tools and skills by 2011.
- Reduce the impact of HIV and AIDS in the public sector by training 400 employee health and wellness practitioners each year on the prevention and management of HIV and AIDS.
- Improve employment equity by increasing the representation of women and people with disabilities in the senior management service in the public service, from 34 per cent to 50 per cent women, and from 0.2 per cent to 2 per cent for people with disabilities, across all levels by 2010.
- Provide information on skills in the public service by phasing in the HR Connect skills database in all government departments by 2011.

### Service delivery and spending focus

In 2008/09, the department developed a framework for the strategic repositioning of the human resource functions in line departments. 10 departments agreed to pilot this framework. The human resource development strategic framework is currently being rolled out, and a monitoring and evaluation implementation concept and tool is being developed.

The leadership development management strategy was finalised and launched at the senior management conference in September 2008.

A framework on human resource planning has also been developed, as well as a handbook on appointing board members. In line with the Public Service Act (1994) as amended, the first government component has been established from April 2008. Processes to establish the government printer and the office of the inspector-general as government components are in motion.

The rollout of the HR Connect skills database is proceeding well. HR Connect will ensure that the department can analyse skill levels in relation to required posts, occupations and job profiles. An additional benefit is that personal and structural information on the PERSAL system is being cleaned up in the process.

An employment health and wellness policy framework was developed and the HIV and AIDS workplace policy in the public service reviewed. The curriculum on HIV and AIDS monitoring and evaluation has been developed and quality was assured, and the first training programme began in November 2008.

In 2007/08, the department developed an 8-principle action plan for women's empowerment and gender equality in the public service, which was launched at the first gender indaba, hosted by the department in August 2008.

## Expenditure estimates

**Table 9.5 Human Resource Management and Development in Government**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	1.1	1.5	2.2	2.3	2.2	2.4	2.6
Employment Practice and Career Management	4.7	3.3	4.6	4.6	4.5	5.2	5.5
Senior Management Service	3.0	0.7	2.7	3.0	3.2	3.7	3.9
Human Resource Planning	16.0	9.3	14.1	13.8	24.3	26.1	15.6
Diversity Management	–	4.7	2.5	3.3	4.0	4.5	4.8
Employee Health and Wellness	6.6	8.1	4.1	4.3	4.5	5.4	5.7
Human Resource Development	2.3	4.7	3.8	4.2	4.2	4.9	5.2
Public Service Education and Training Authority	7.7	9.2	11.3	21.4	21.8	22.8	24.0
<b>Total</b>	<b>41.4</b>	<b>41.6</b>	<b>45.4</b>	<b>56.9</b>	<b>68.7</b>	<b>74.9</b>	<b>67.3</b>
Change to 2008 Budget estimate				2.9	12.3	1.7	(10.3)

### Economic classification

<b>Current payments</b>	<b>40.1</b>	<b>40.3</b>	<b>45.3</b>	<b>56.9</b>	<b>46.9</b>	<b>52.0</b>	<b>43.3</b>
Compensation of employees	16.2	18.5	25.2	26.7	21.1	24.5	26.2
Goods and services	23.9	21.8	20.1	30.2	25.8	27.5	17.1
<i>of which:</i>							
Assets less than R5 000	0.3	0.5	0.1	0.4	0.2	0.3	0.3
Communication	1.1	0.4	0.6	0.9	0.7	0.8	0.8
Computer services	0.3	1.8	0.2	0.5	0.0	1.0	1.1
Consultants and professional services: Business and advisory services	0.3	0.1	0.0	13.9	15.2	13.9	2.7
Contractors	0.0	0.1	0.4	0.6	0.3	0.3	0.3
Agency and support / outsourced services	7.3	9.6	7.6	0.2	0.2	0.3	0.3
Inventory: Stationery and printing	1.0	2.2	1.4	1.5	0.8	1.5	1.6
Lease payments	0.9	0.2	1.8	3.3	0.3	0.4	0.4
Travel and subsistence	10.4	3.4	4.5	5.3	4.9	5.7	6.0
Training and development	0.2	0.3	0.5	0.2	0.2	0.2	0.2
Venues and facilities	1.3	1.7	2.0	2.2	2.1	2.2	2.3
Financial transactions in assets and liabilities	0.0	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>21.9</b>	<b>22.9</b>	<b>24.0</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	–	–	–	–	21.8	22.8	24.0
Foreign governments and international organisations	0.0	–	–	0.0	0.0	0.0	0.0
Households	–	0.0	0.0	–	–	–	–
<b>Payments for capital assets</b>	<b>1.3</b>	<b>1.3</b>	<b>0.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	1.2	1.3	0.1	–	–	–	–
Software and other intangible assets	0.0	0.0	–	–	–	–	–
<b>Total</b>	<b>41.4</b>	<b>41.6</b>	<b>45.4</b>	<b>56.9</b>	<b>68.7</b>	<b>74.9</b>	<b>67.3</b>

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	–	–	–	–	<b>21.8</b>	<b>22.8</b>	<b>24.0</b>
Public Service Education and Training Authority	–	–	–	–	21.8	22.8	24.0



## Expenditure trends

Spending in the *Human Resource Management and Development in Government* programme increased from R41.4 million in 2005/06 to R56.9 million in 2008/09 at an average annual rate of 11.2 per cent, mainly due to allocations to the *Public Service Education and Training Authority* subprogramme. Spending over the medium term is set to increase at an average annual rate of 3.9 per cent. Additional funding of R12 million has been allocated to the *Human Resource Planning* subprogramme for the ongoing rollout of HR Connect to departments in 2009/10 and 2010/11. The functions of the *Macro Organisation of the State* subprogramme were incorporated in the *Human Resource Planning* subprogramme in this programme.

In 2007/08 and 2008/09, the funding of the *Public Service Education and Training Authority* subprogramme was classified as a transfer to the public entity. In the adjusted Budget it was reclassified to compensation of employees and goods and services. This was due to inadequate governance processes and systems in the Public Services Sector Education and Training Authority. It is anticipated that transfer payments will be made to the authority over the medium term.

## Programme 3: Management of Compensation in Government

- *Management.*
- *Remuneration and Job Evaluation* develops, implements and maintains policies, practices and systems on remuneration and macro benefits.
- *General Benefits* develops, implements and maintains policies and practices on general benefits.
- *Negotiations and Labour Relations* develops, implements and maintains policies and systems on labour relations for the public service, and ensures coordinated collective bargaining in the Public Service Coordinating Bargaining Council and the General Public Service Sectoral Bargaining Council.
- *Special Projects and Job Evaluation* develops, implements and manages the human resource component of the integrated financial management systems project, and develops, implements and maintains policies, practices and systems on job evaluation and grading.
  - Single Public Service ensures effective and efficient programme management for establishing the single public service, including change management and communication.

Funding for all subprogrammes is mainly used for salaries and other personnel related costs.

## Objectives and measures

- Develop, implement and manage the integrated financial management system by piloting a functional human resource management module in the Department of Public Service and Administration and the Free State department of education by October 2010.
- Develop, implement and maintain policies and practices on general benefits by identifying and reviewing the remaining policies on allowances, contained in the Public Service Coordinating Bargaining Council Resolution 3 of 1999, by March 2010.
- Ensure coordinated collective bargaining in the Public Service Coordinating Bargaining Council and General Public Service Sectoral Bargaining Council, including collective agreements on all matters of mutual interest, such as the multi-year salary negotiations, by developing, implementing and maintaining policies and systems on labour relations for the public service by March 2012.

## Service delivery and spending focus

The department will have successfully implemented the policy on incapacity leave and ill-health retirement in all provincial and national departments between April 2006 and March 2009. The policy will be decentralised from April 2009.

The project on the development and implementation of the human resources module of the integrated financial management system is slightly delayed due to unforeseen challenges in negotiating the contract and service level agreement with the selected service provider.

In 2007/08, the Department of Public Service and Administration assisted departments to develop occupation specific dispensations. The intention of the dispensations is to provide dual career paths in terms of which professionals and specialists can progress to levels where they earn salaries equal to or higher than managers' salaries without moving into management posts. The occupation specific dispensations for nurses, social workers, medical personnel other than nurses, and correctional services personnel have been developed. Inconsistent interpretation and implementation in some of the dispensations has created funding challenges, which is delaying the implementation of the other dispensations.

Following the public service strike action in 2007, the Department of Public Service and Administration has embarked on a series of surveys. The department developed a communication strategy to more effectively communicate and promote the salaries and benefits of the public services.

The draft Single Public Service Bill has been withdrawn for further consultation with stakeholders.

## Expenditure estimates

**Table 9.6 Management of Compensation in Government**

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2008/09			
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Management	–	1.2	2.2	2.7	2.4	2.7	2.9
Remuneration and Job Evaluation	21.0	81.7	3.5	6.9	6.4	7.2	7.7
General Benefits	2.4	77.7	80.7	91.5	3.2	3.7	3.9
Negotiations and Labour Relations	3.2	4.4	15.7	6.2	5.7	6.6	7.0
Special Projects and Job Evaluation	–	2.9	3.1	7.1	5.6	7.9	8.3
Single Public Service	–	0.3	11.3	28.7	27.8	33.2	35.8
<b>Total</b>	<b>26.6</b>	<b>168.1</b>	<b>116.5</b>	<b>143.1</b>	<b>51.2</b>	<b>61.3</b>	<b>65.6</b>
Change to 2008 Budget estimate				(1.0)	(8.9)	(6.9)	(6.7)

  

Economic classification							
<b>Current payments</b>	<b>25.5</b>	<b>92.4</b>	<b>116.5</b>	<b>143.0</b>	<b>51.2</b>	<b>61.2</b>	<b>65.5</b>
Compensation of employees	9.7	10.6	15.0	18.9	19.3	22.4	24.0
Goods and services	15.8	81.8	101.5	124.2	31.9	38.9	41.5
of which:							
Advertising	0.1	0.2	12.9	1.8	0.4	0.1	0.1
Assets less than R5 000	0.2	0.3	0.0	1.1	0.2	0.1	0.1
Catering: Departmental activities	–	0.2	0.1	0.8	0.6	0.1	0.1
Communication	0.4	0.3	0.3	0.5	0.5	0.5	0.6
Computer services	0.7	1.1	0.2	1.1	0.9	4.7	4.9
Consultants and professional services: Business and advisory services	0.4	0.1	0.2	23.3	18.1	22.8	24.6
Contractors	0.0	71.3	74.9	84.1	0.1	0.1	0.1
Agency and support / outsourced services	11.7	4.2	8.2	–	–	–	–
Inventory: Stationery and printing	0.1	1.3	0.8	1.3	1.7	1.9	2.0
Lease payments	0.3	0.1	0.3	0.3	0.2	0.2	0.2
Travel and subsistence	1.2	1.6	2.3	6.3	5.9	5.7	6.1
Training and development	0.0	0.1	0.2	0.4	0.6	0.6	0.7
Operating expenditure	0.0	0.1	0.1	0.4	0.7	0.2	0.2
Venues and facilities	0.4	0.5	0.4	2.1	1.6	1.2	1.3

**Table 9.6 Management of Compensation in Government (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>75.0</b>	<b>–</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Public corporations and private enterprises	–	75.0	–	–	–	–	–
Foreign governments and international organisations	–	–	–	0.0	–	–	–
<b>Payments for capital assets</b>	<b>1.0</b>	<b>0.7</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Machinery and equipment	1.0	0.6	0.0	0.1	0.1	0.1	0.1
Software and other intangible assets	–	0.1	–	–	–	–	–
<b>Total</b>	<b>26.6</b>	<b>168.1</b>	<b>116.5</b>	<b>143.1</b>	<b>51.2</b>	<b>61.3</b>	<b>65.6</b>

**Details of selected transfers and subsidies**

<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>–</b>	<b>75.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Government employees medical scheme	–	75.0	–	–	–	–	–

**Expenditure trends**

Expenditure increased from R26.6 million in 2005/06 to R143.1 million in 2008/09 at an average annual rate of 75.3 per cent. The increase is due to allocations for the government employee medical scheme and the policy on incapacity leave and ill-health retirement.

Expenditure in the *Negotiations and Labour Relations* subprogramme increased from R4.4 million in 2006/07 to R15.7 million in 2007/08 for unforeseeable and unavoidable expenditure related to the 2007 public service strike action. Additional funding of R2.9 million was received for the licence fees for the equate job evaluation system for 2010/11 and 2011/12. Additional allocations for the single public service project contributed to the sharp increase in 2008/09, as reflected in the *Single Public Service* subprogramme. The additional allocations will mainly be used for infrastructure and the geographical information system. The policy on incapacity leave and ill-health retirement will be decentralised to departments and provinces from April 2009, resulting in an average annual decrease in this programme of 22.9 per cent between 2008/09 and 2011/12.

**Programme 4: Information and Technology Management in Government**

- *Management.*
- *E-Government* provides support and leadership to national and provincial departments and the State Information Technology Agency to develop a government wide architecture and system integration plan.
- *Information and Communication Technology Governance* develops policies, strategies and regulations on ICT across the public service, oversees the State Information Technology Agency, provides secretarial services to the Government Information Technology Officers' Council, and oversees all ICT initiatives in the public service.
- *Information and Communication Technology Infrastructure* supports all national and provincial departments on significant transversal projects and e-government projects.
- *Community Development and Access* facilitates community development through access to ICT services.

Funding for all subprogrammes is mainly used for salaries and other personnel related costs.

**Objectives and measures**

- Contribute to good public administration and continual improvement in the cost, quality, access, responsiveness and speed of service delivery by developing a master plan for ICT in government.

- Improve productivity and security and reduce costs of ICT by optimising IT infrastructure and related services to support government's ICT requirements.
- Develop a bandwidth strategy that supports the connectivity of all government institutions and improve access to services by remote and rural communities by connecting 91 Thusong centres by June 2009.
- Enhance the internal transparency and accountability of IT services by initiating a performance review of the State Information Technology Agency by September 2009.
- Implement next generation e-government by developing a catalytic prototype that will e-enable 6 pro-poor services, using a platform for testing these services which should be functional by October 2009.

## Service delivery and spending focus

The Department of Public Service and Administration is conducting a survey in over 80 departments and other key government institutions to inform the development of a comprehensive geographical information system to guide decision making on improving critical service delivery. The department is establishing the first centre to offer the services of different government departments. The centre will be in a shopping mall. The department is also making steady progress in implementing ICT connectivity in all Thusong service centres.

Interventions will shortly begin to strengthen the State Information Technology Agency's capability to deliver a shared function, including a performance review of the agency and an ICT expenditure review.

Progress with Cabenet is not satisfactory. The department is currently considering other service delivery alternatives in an attempt to revitalise the project. Specifically, the department is considering appointing a private company for the project, and not the State Information Technology Agency.

To pilot the e-government project as planned, a uniform platform needs to be established with other departments. This requires further investigation.

## Expenditure estimates

**Table 9.7 Information and Technology Management in Government**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	2.3	2.0	1.4	3.0	2.5	2.8	3.0
E-Government	–	1.8	1.6	2.3	3.0	3.5	3.7
Information and Communication Technology Governance	–	4.9	6.2	4.6	5.5	6.9	7.3
Information and Communication Technology Infrastructure	19.7	24.3	29.1	23.7	28.1	30.3	32.2
Community Development and Access	–	–	–	1.5	2.4	6.2	6.6
<b>Total</b>	<b>22.0</b>	<b>33.1</b>	<b>38.3</b>	<b>35.1</b>	<b>41.5</b>	<b>49.7</b>	<b>52.9</b>
Change to 2008 Budget estimate				(3.7)	(0.0)	1.1	1.3

### Economic classification

<b>Current payments</b>	<b>21.3</b>	<b>32.4</b>	<b>37.8</b>	<b>35.0</b>	<b>41.5</b>	<b>49.6</b>	<b>52.8</b>
Compensation of employees	5.4	8.1	8.7	10.9	13.4	15.6	16.8
Goods and services	15.9	24.3	29.1	24.1	28.1	34.0	36.1
of which:							
Advertising	1.2	0.1	–	–	–	–	–
Computer services	3.5	9.2	25.7	19.6	23.4	25.0	26.5
Consultants and professional services: Business and advisory services	–	0.0	0.4	0.5	0.6	4.1	4.3
Agency and support / outsourced services	8.6	12.8	–	–	–	–	–
Travel and subsistence	1.0	0.6	1.3	1.1	1.1	1.3	1.4
Training and development	0.3	0.3	0.2	0.6	0.4	0.4	0.4
Operating expenditure	0.2	0.1	0.1	0.4	0.5	0.5	0.6
Venues and facilities	0.3	0.2	0.2	1.1	1.1	1.4	1.5
Financial transactions in assets and liabilities	–	0.0	–	–	–	–	–

**Table 9.7 Information and Technology Management in Government (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.5</b>	<b>0.4</b>	<b>0.0</b>	–	–	–
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Public corporations and private enterprises	–	–	0.4	–	–	–	–
Foreign governments and international organisations	–	–	–	0.0	–	–	–
Households	–	0.5	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.6</b>	<b>0.2</b>	<b>–</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Machinery and equipment	0.6	0.2	–	0.1	0.1	0.1	0.1
<b>Total</b>	<b>22.0</b>	<b>33.1</b>	<b>38.3</b>	<b>35.1</b>	<b>41.5</b>	<b>49.7</b>	<b>52.9</b>

**Details of selected transfers and subsidies**

<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Current</b>	–	–	<b>0.4</b>	–	–	–	–
Nelson Borman & Partners	–	–	0.4	–	–	–	–

**Expenditure trends**

Expenditure between 2005/06 and 2008/09 increased at an average annual rate of 16.9 per cent, from R22 million to R35.1 million, as a result of additional allocations for the CabEnet project. Spending will further increase between 2009/10 and 2011/12 to provide for the free and open source software project in the *E-government* subprogramme. A new subprogramme, *Community Development Access*, will be established from April 2009 to facilitate access to ICT services in response to community development. This subprogramme's baseline is expected to grow from R1.5 million in 2009/10 to R6.6 million in 2011/12 at an average annual rate of 66 per cent.

**Programme 5: Service Delivery Improvement throughout Government**

- *Management*.
- *Batho Pele* promotes culture change in the public service and coordinates the dissemination of lessons in order to improve service delivery.
- *Service Delivery Improvement Mechanisms* engages in supportive interventions and partnerships which improve efficiency and effectiveness.
- *Service Delivery Facilitation* coordinates and facilitates short term service delivery improvement initiatives.
- *Community Development Workers* ensures the smooth coordination and implementation of the community development workers project in the public service and local governments.

Funding for all subprogrammes is mainly used for salaries and other personnel related costs.

**Objectives and measures**

- Improve the mainstreaming and institutionalisation of Batho Pele across the 3 spheres of government through a minimum of 50 train-the-trainers programmes, 7 learning platforms, 3 service delivery review publications and a service delivery portal each year.
- Improve service delivery by facilitating and coordinating the annual deployment of all senior management service staff to service delivery sites.
- Improve service delivery by all national and provincial departments by providing technical assistance on developing service delivery improvement and implementation plans before May of each financial year.

- Improve access to government services by publishing and disseminating a minimum of 200 000 Know Your Service Rights booklets to the general public, especially to the previously disadvantaged (through imbizos, public participation events, schools, community development workers and websites), each year.
- Promote the government wide monitoring and evaluation framework by monitoring and evaluating the implementation of the community development workers programme by March 2013.

## Service delivery and spending focus

The Department of Public Service and Administration has continued to support the implementation of Batho Pele through change management engagement workshops, learning platforms and service delivery improvement plans.

In 2008, the Batho Pele change management engagement programme was rolled out to 55 municipalities in Limpopo and Free State to change the behaviour of public servants at local government level to focus on citizen centric service delivery. Best practices from four municipalities (Ugu, Tzaneen, Khara-Hais and George) have been captured on a DVD and in a booklet, which are being disseminated to all other municipalities. A Batho Pele learning network in November 2008 was attended by more than 700 delegates. The learning network aims to share best practices and offer opportunities for structured networking.

Two impact studies are in progress. The first is evaluating the impact of the Batho Pele change management engagement programme, rolled out over the last 4 years to all 3 spheres of government. The second is assessing the impact of the Khaedu (Challenge) programme on service delivery improvement. This programme aims to equip managers with the skills and competencies to add value to their deployment to service delivery sites and to identify and solve service delivery blockages in their own environments. A new strategy to align the Khaedu programme with Project Consolidate will improve sustainable municipal service delivery. The coordination of the training was handed over to the Public Administration Leadership and Management Academy, but the department will continue to coordinate the deployment of senior managers to service delivery sites.

A guide was approved, and there is a proposal to access service delivery improvement and implementation plans in the justice cluster. Continuous support is provided to departments on their plans. Although only 30 per cent of national and provincial departments submitted their plans, a directive and a guide are available for 2009/10. There is a revitalisation plan for submitting plans from 2009/10.

In 2008/09, as part of the Know Your Service Rights campaign, 60 000 booklets on the social cluster were translated into all the official languages and disseminated. A 10-episode drama series was aired on community radio stations. The booklet was also translated into all 11 official languages. There is a draft booklet on the justice cluster.

A master plan on the roles of community development workers was launched at the community development indaba in February 2008. Provincial workshops to ensure compliance took place in 2008. 3 055 community development workers were trained by September 2008, and a further 600 are enrolled in the learnership programme. They are expected to complete the training by January 2010.

## Expenditure estimates

**Table 9.8 Service Delivery Improvement throughout Government**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	2.5	2.3	2.6	3.1	2.6	2.9	3.1
Batho Pele	14.0	28.3	17.2	14.1	13.2	14.5	15.4
Service Delivery Improvement Mechanisms	6.0	17.6	9.5	8.5	8.6	9.6	10.3
Service Delivery Facilitation	0.7	2.0	1.1	1.5	1.9	2.1	2.3
Community Development Workers	–	1.2	8.3	4.2	6.5	7.5	8.1
<b>Total</b>	<b>23.2</b>	<b>51.5</b>	<b>38.7</b>	<b>31.3</b>	<b>32.7</b>	<b>36.7</b>	<b>39.1</b>
Change to 2008 Budget estimate				(7.9)	0.1	1.2	1.5



Table 9.8 Service Delivery Improvement throughout Government (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>22.2</b>	<b>51.1</b>	<b>38.7</b>	<b>30.6</b>	<b>32.7</b>	<b>36.7</b>	<b>39.1</b>
Compensation of employees	10.8	15.0	17.4	11.7	13.6	15.7	16.9
Goods and services	11.4	36.1	21.2	18.9	19.1	21.0	22.2
of which:							
Advertising	–	0.4	2.4	0.7	1.2	1.2	1.3
Audit costs: External	–	0.2	0.3	0.4	0.5	0.5	0.5
Communication	0.3	3.0	0.5	0.6	0.4	0.5	0.5
Computer services	0.6	12.5	0.3	–	–	–	–
Consultants and professional services: Business and advisory services	0.1	0.4	0.0	2.7	5.3	5.0	7.3
Contractors	0.5	0.1	0.0	3.6	2.0	2.2	2.4
Agency and support / outsourced services	2.8	6.9	3.4	–	–	–	–
Entertainment	0.7	0.2	0.1	0.3	0.1	0.1	0.1
Inventory: Stationery and printing	2.3	2.3	2.7	5.1	6.1	7.5	5.8
Travel and subsistence	1.8	6.8	7.2	2.4	1.9	2.1	2.3
Training and development	0.3	0.4	0.5	0.4	0.4	0.4	0.5
Operating expenditure	0.0	0.1	0.6	0.1	0.0	0.0	0.1
Venues and facilities	1.6	1.7	2.6	2.2	0.7	1.0	1.0
Financial transactions in assets and liabilities	–	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.7</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Public corporations and private enterprises	0.0	–	–	–	–	–	–
Foreign governments and international organisations	0.0	–	–	0.0	–	–	–
Households	0.0	0.0	0.0	0.6	–	–	–
<b>Payments for capital assets</b>	<b>0.9</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	0.9	0.4	0.0	0.0	–	–	–
<b>Total</b>	<b>23.2</b>	<b>51.5</b>	<b>38.7</b>	<b>31.3</b>	<b>32.7</b>	<b>36.7</b>	<b>39.1</b>

## Expenditure trends

Expenditure increased from R23.2 million in 2005/06 to R51.5 million in 2006/07, mainly due to additional funding for technical assistance to provinces and post-conflict support to the Democratic Republic of the Congo. Expenditure in the *Community Development Worker* subprogramme increased considerably, from R1.2 million in 2006/07 to R8.3 million in 2007/08, due to the hosting of the community development indaba in March 2008. Growth in the programme stabilise at an average annual rate of 7.7 per cent over the MTEF period.

## Programme 6: Governance for Public Service and Administration

- *Management.*
- *Public Sector Anti-Corruption* establishes and implements strategies to fight corruption and improve ethical conduct in the public service.
- *International and African Affairs* establishes and maintains bilateral and multilateral relations on governance and public administration by implementing global and continental programmes and projects for improving governance and public administration.
- *Monitoring and Evaluation* manages a system for planning, monitoring and evaluating the programmes that enable the transformation of the public sector.
- *African Peer Review Mechanism* ensures the adoption of policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated sub-regional and

continental economic integration through sharing experiences and reinforcing successful and best practice, including identifying deficiencies and assessing capacity building needs.

- *Research* facilitates and coordinates research within the department. This is a new subprogramme.

Funding for all subprogrammes is mainly used for salaries and other personnel related expenditure.

## Objectives and measures

- Improve integrity in the public service by developing and implementing anti-corruption policies and capacity building programmes, designed to enhance the fight against corruption and improve ethical conduct, by April 2012.
- Develop an efficient anti-corruption monitoring and evaluation system and promote national anti-corruption values and interests at regional and international levels through participation and influence in regional, continental and international structures throughout the MTEF period.
- Ensure South Africa's ongoing influence in governance and public administration by mainstreaming the Batho Pele principles in regional, continental and international public administration transformation programmes.
- Establish and maintain ongoing bilateral and multilateral relations on governance and public administration by mobilising resources for the implementation of critical public administration initiatives and partnerships.
- Implement the department's monitoring and evaluation frameworks to improve policy implementation by developing monitoring plans and implementing capacity development plans and public participation best practice models by March 2010.
- Assess performance through the public management watch system by providing ongoing analytical and evaluation reports on the impact of the Department of Public Service and Administration's policies.
- Identify the deficiencies and assess the capacity needs of the African Union (AU) by developing a systematic process for generating and compiling monitoring and evaluation reports on the implementation of the African peer review mechanism's programme of action by June 2009.
- Increase awareness of the African peer review mechanism by convening provincial workshops to launch the African peer review mechanism report by December 2009.
- Facilitate debates and dialogue on public administration and governance by creating new knowledge and facilitating evidence based research on an ongoing basis.

## Service delivery and spending focus

In 2007/08, the Department of Public Service and Administration continued to support the Democratic Republic of the Congo's census project. The census was completed in 2 provinces.

The second draft of the public sector anti-corruption norms and standards implementation guidelines are currently under review by National Treasury's technical assistance unit. The consolidated framework for managing conflicts of interest in the public sector needs to be finalised and approved. The anti-corruption capacity requirements incorporated into the public service regulations have been amended and will be issued following legal input.

A draft report was adopted by the African peer review mechanism's National Governing Council in December 2007 to formulate partnerships between government and civil society to implement the programme of action. A popular version of the South African review of the African peer review mechanism has been drafted.

The African Association for Public Administration and Management South Africa was launched in August 2008. The Director-General of the Department of Public Service and Administration was elected chair.

The department participated in a meeting with the New Partnership for Africa's Development, the Institute for Security Studies and Burundi in August 2008 in Burundi as part of the department's contribution to post-conflict reconstruction and development. A post-conflict reconstruction and development cluster was convened and a programme of action will be aligned with the AU framework

The sixth Pan African conference of African ministers of public service was hosted in October 2008 and Kenya



was elected as the new chair. Among the achievements of this conference are the ministers' programme and the African Public Service Charter. The charter is being ratified by the AU.

## Expenditure estimates

**Table 9.9 Governance for Public Service and Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	–	1.2	2.2	2.3	2.6	2.9	3.1
Public Sector Anti-Corruption	5.3	35.8	11.5	7.3	7.6	8.4	9.1
International and African Affairs	8.1	9.8	10.7	23.5	11.9	13.0	14.0
Monitoring and Evaluation	2.3	2.3	4.4	6.9	8.3	9.2	9.7
African Peer Review Mechanism	4.3	17.5	2.4	3.3	7.5	8.4	9.1
Research	–	–	–	0.8	3.1	3.4	3.7
<b>Total</b>	<b>20.1</b>	<b>66.6</b>	<b>31.2</b>	<b>44.1</b>	<b>41.0</b>	<b>45.3</b>	<b>48.7</b>
Change to 2008 Budget estimate				12.5	(0.8)	0.3	0.9

### Economic classification

<b>Current payments</b>	<b>18.9</b>	<b>65.9</b>	<b>30.9</b>	<b>43.4</b>	<b>40.6</b>	<b>44.8</b>	<b>48.2</b>
Compensation of employees	4.2	6.6	8.0	14.3	19.0	21.8	23.7
Goods and services	14.8	59.3	23.0	29.2	21.5	23.1	24.4
of which:							
Advertising	2.0	2.4	6.2	0.4	1.3	1.3	1.3
Assets less than R5 000	0.8	0.2	0.0	0.1	0.3	0.2	0.2
Catering: Departmental activities	–	0.5	0.1	0.2	0.4	0.5	0.5
Communication	0.2	1.2	0.4	2.1	4.3	4.7	5.1
Computer services	0.2	0.7	0.2	0.2	0.4	0.5	0.5
Consultants and professional services: Business and advisory services	1.2	0.1	0.1	6.8	5.1	5.5	5.7
Contractors	0.0	0.5	0.1	0.1	0.1	0.1	0.1
Agency and support / outsourced services	1.4	16.7	7.2	–	–	–	–
Inventory: Stationery and printing	1.3	3.0	1.0	3.0	1.7	1.8	1.9
Lease payments	0.2	0.3	0.5	0.1	0.2	0.2	0.2
Travel and subsistence	4.3	17.0	4.6	8.3	6.0	6.4	6.8
Venues and facilities	2.9	15.6	1.8	7.3	0.8	0.9	1.0
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.4</b>	<b>0.2</b>	<b>0.6</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Foreign governments and international organisations	0.1	0.4	0.2	0.6	0.4	0.4	0.4
Households	–	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>1.1</b>	<b>0.3</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Machinery and equipment	1.1	0.3	0.0	0.1	0.1	0.1	0.1
<b>Total</b>	<b>20.1</b>	<b>66.6</b>	<b>31.2</b>	<b>44.1</b>	<b>41.0</b>	<b>45.3</b>	<b>48.7</b>

## Expenditure trends

Expenditure grew at an average annual rate of 29.9 per cent between 2005/06 and 2008/09. The increase in expenditure in 2006/07 in the *Public Service Anti-Corruption* and *African Peer Review* subprogrammes is due to the once-off hosting of the Global Forum V on fighting corruption and safeguarding integrity and the additional allocations for concluding the African peer review mechanism country assessment report. Spending over the medium term in the *African Peer Review Mechanism* subprogramme is projected to grow at an average annual rate of 40.4 per cent due to preparations for a new review.

Growth over the MTEF period decreases at an average annual rate of 3.4 per cent.

## Programme 7: Centre for Public Service Innovation

- *Management.*
- *Research and Development* researches and develops sustainable models for innovative service delivery.

- *Solution Support and Incubation* investigates, demonstrates, pilots and mainstreams innovative solutions, IT and non-IT, in the public sector.
- *Enabling Environment* entrenches the innovation culture and ensures it is cascaded through the public sector.

Funding for all subprogrammes is mainly used for salaries and other personnel related costs.

## Objectives and measures

- Develop sustainable models and solutions for innovative service delivery through at least 2 research and development projects per year.
- Maximise the impact of the national system of innovation on the public sector by participating on the National Advisory Council on Innovation's board and in its programme.
- Create an enabling environment which entrenches a culture of innovation in the public sector through innovative platforms and products, including:
  - *the annual public sector innovation conference*
  - *public sector innovation awards*
  - *updating the United Nations Public Administration Network portal.*
- Create, adapt, pilot and mainstream innovative solutions in the public sector through establishing a functioning multimedia innovation centre in the first 3 months of 2009/10.

## Service delivery and spending focus

The Centre for Public Service Innovation's annual awards pay tribute to public servants, or people working closely with government, who have made a significant contribution to improving service delivery through innovative approaches, methodologies and tools. They also provide opportunities for information sharing and learning. These awards were given in October 2007 and November 2008.

The inaugural public sector innovation conference was held in 2007, and the second in November 2008. This conference creates a platform for public sector officials to share knowledge, ideas and experiences on innovation. A pocket guide on innovation management was distributed.

In 2008/09, the Centre for Public Service Innovation produced various publications to mainstream innovative, successful and appropriate solutions to service delivery challenges, for example innovation insights, the future watch series and case studies of successes in addressing innovation challenges. The Centre for Public Service Innovation is the regional partner of the UN Public Administration Network, a global online network on public administration and finance hosted by the UN. The Centre for Public Service Innovation is responsible for uploading content on the portal on behalf of the Southern Africa Development Community.

## Expenditure estimates

**Table 9.10 Centre for Public Service Innovation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	4.7	6.6	11.0	18.8	3.7	4.1	4.4
Research and Development	–	–	–	–	2.7	3.0	3.3
Solution Support and Incubation	–	–	–	–	2.7	2.9	3.1
Enabling Environment	–	–	–	–	2.8	3.0	3.2
<b>Total</b>	<b>4.7</b>	<b>6.6</b>	<b>11.0</b>	<b>18.8</b>	<b>11.8</b>	<b>13.0</b>	<b>14.0</b>
Change to 2008 Budget estimate				10.4	(0.2)	0.6	1.2

Table 9.10 Centre for Public Service Innovation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>4.5</b>	<b>6.2</b>	<b>11.0</b>	<b>18.8</b>	<b>11.8</b>	<b>13.0</b>	<b>14.0</b>
Compensation of employees	1.8	2.1	2.7	6.7	6.5	7.4	8.1
Goods and services	2.7	4.1	8.2	12.1	5.3	5.6	5.9
<i>of which:</i>							
Advertising	0.0	1.4	1.2	2.0	0.9	0.9	0.9
Computer services	–	0.2	2.9	0.7	0.7	0.7	0.7
Consultants and professional services; Business and advisory services	–	0.0	–	0.5	1.5	1.6	1.7
Agency and support / outsourced services	0.7	1.3	0.4	–	–	–	–
Inventory: Stationery and printing	0.6	0.4	0.9	0.2	0.3	0.3	0.3
Lease payments	0.0	0.0	0.8	7.5	0.8	0.8	0.9
Travel and subsistence	0.3	0.4	1.0	0.5	0.5	0.6	0.6
Venues and facilities	0.6	0.2	0.6	0.2	0.3	0.3	0.3
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Public corporations and private enterprises	–	0.0	–	–	–	–	–
Foreign governments and international organisations	0.0	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.4</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	0.2	0.4	0.0	–	–	–	–
<b>Total</b>	<b>4.7</b>	<b>6.6</b>	<b>11.0</b>	<b>18.8</b>	<b>11.8</b>	<b>13.0</b>	<b>14.0</b>

## Expenditure trends

The *Centre for Public Service Innovation* will be a separate programme from April 2009. The centre is the first government component to be established in terms of the Public Service Act (1994), as amended. History information was adjusted from the former *Service Delivery Improvement* programme where it was previously a subprogramme. Between 2005/06 and 2008/09, spending in this programme grew at an average annual rate of 58.6 per cent due to a once-off additional virement to the programme in 2008/09 for securing alternative accommodation and establishing the centre. Spending over the medium term is projected to decrease at an average annual rate of 9.3 per cent.

## Public entities

### State Information Technology Agency

#### Strategic overview: 2005/06 - 2011/12

The State Information Technology Agency was established in 1999 in terms of the State Information and Technology Agency Act (1998) as amended. It is funded through providing a broad spectrum of IT related services as stipulated in service level agreements referred to in the legislation. Furthermore, the act separates the agency's services into mandatory services and non-mandatory. The State Information Technology Agency is committed to government's IT strategy, which seeks to leverage economies of scale, enhance the interoperability of government systems, ensure system security, eliminate duplication, and advance black economic empowerment (BEE).

The strategic priorities for 2009 to 2010/2 are: improving financial sustainability, optimising infrastructure, extending the service footprint, modernising public service operations, reducing operational costs, achieving operational excellence, and developing and retaining personnel.

Key policy developments that impact departmental spending plans are: providing ICT connectivity and remote support to Dinaledi schools, community libraries and Thusong service centres; creating an ICT blueprint that governs the deployment of ICTs to Thusong centres and can be used as a rollout model and deploying a shared services platform to support ICTs deployed in communities; establishing an open source programme office; contributing to the development of a catalytic next generation e-government prototype; developing the framework for a new enterprise resource planning system in government (integrated financial management system); developing a government wide enterprise architecture framework; and developing a framework for adopting a service orientated architecture in government.

#### Selected performance and operations indicators

**Table 9.11 State Information Technology Agency**

Indicator	Past			Current	Projected		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Percentage of operating profit margin	4%	6%	6%	6%	6%	6%	6%
Value of debtors balances each year	R556.3m	R665m	R618.2m	R692.4m	R775.5m	R868.5m	R950m
Percentage of external customer satisfaction according to satisfaction index	43%	63%	61%	70%	70%	79%	79%
Percentage turnover rate of personnel with critical skills	5%	8%	8%	7%	6%	6%	7%
Average employee satisfaction according to satisfaction index (1 to 5, with 1 as poor and 5 as excellent)	2.4	2.6	2.5	2.8	3	3.5	4
Percentage of tenders awarded to previously disadvantaged groups	–	–	58%	60%	65%	70%	75%

#### Service delivery and spending focus

In response to improving the efficiency and effectiveness of the agency's infrastructure, processes were documented and associated costs established in 2007/08. In line with its telecommunications and convergence strategy, the agency and its partners, Neotel and Business Connexion Group, successfully deployed a next generation network in 2003. In 2008/09, the agency piloted a performance management tool on its enterprise resource planning system and provided training.

A major challenge, shared by the public and private sectors, is the skills shortage in the ICT industry. In 2006/07, the very first GovTech conference, including a virtual ICT skills academy, was held to help with the critical skills needed. Thought leadership initiatives on ICT were also bolstered by GovTech. The State Information Technology Agency has invested substantially in training and developing its employees. In 2007/08, 2 077 employees attended various training initiatives linked to both staff and personal development plans and corporate interventions.

The State Information Technology Agency is estimated to influence approximately 30 per cent of ICT across the spheres of government. Research conducted by the agency has not established the baseline for government expenditure and the extent of the agency's involvement, which is necessary for mapping how the agency can move towards influencing 80 per cent of government's ICT expenditure.

In 2008/09, tender turnaround times were maintained at below 80 days on average. 60 per cent of goods and services valued at approximately R2 billion were bought from BEE vendors or vendors that have BEE credentials.

## Expenditure estimates

**Table 9.12 State Information Technology Agency: Project information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Integrated financial management services	1 079.3	1 189.1	1 240.9	1 315.3	1 394.3	1 477.9	1 566.6
Supply chain management solution	1 643.0	1 931.5	1 932.4	2 426.9	2 617.2	2 978.8	3 264.0
Business intelligence and technology architect solution	125.9	116.2	24.6	196.7	194.9	193.8	193.8
Functional Architecture	12.4	24.6	47.8	30.0	53.7	56.9	60.3
Change Management	33.4	60.6	228.6	73.3	81.3	95.4	132.7
<b>Total expense</b>	<b>2 894.0</b>	<b>3 321.9</b>	<b>3 474.3</b>	<b>4 042.2</b>	<b>4 341.3</b>	<b>4 802.8</b>	<b>5 217.3</b>

**Table 9.13 State Information Technology Agency: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>2 975.4</b>	<b>3 465.4</b>	<b>3 773.5</b>	<b>4 248.0</b>	<b>4 566.8</b>	<b>5 023.5</b>	<b>5 525.8</b>
Sale of goods and services other than capital assets	2 903.7	3 356.6	3 607.6	4 040.5	4 365.2	4 801.7	5 281.9
of which:							
IT services	2 903.7	3 356.6	3 607.6	4 040.5	4 365.2	4 801.7	5 281.9
Other non-tax revenue	71.7	108.8	165.9	207.5	201.6	221.8	243.9
<b>Total revenue</b>	<b>2 975.4</b>	<b>3 465.4</b>	<b>3 773.5</b>	<b>4 248.0</b>	<b>4 566.8</b>	<b>5 023.5</b>	<b>5 525.8</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>2 860.6</b>	<b>3 261.3</b>	<b>3 345.5</b>	<b>3 968.9</b>	<b>4 260.0</b>	<b>4 707.4</b>	<b>5 084.6</b>
Compensation of employees	1 079.3	1 189.1	1 240.9	1 315.3	1 394.3	1 477.9	1 566.6
Goods and services	1 643.0	1 931.5	1 932.4	2 426.9	2 617.2	2 978.8	3 264.0
Depreciation	125.9	116.2	124.4	196.7	194.9	193.8	193.8
Interest, dividends and rent on land	12.4	24.6	47.8	30.0	53.7	56.9	60.3
<b>Total expenses</b>	<b>2 894.0</b>	<b>3 321.9</b>	<b>3 474.3</b>	<b>4 042.2</b>	<b>4 341.3</b>	<b>4 802.8</b>	<b>5 217.3</b>
<b>Surplus / (Deficit)</b>	<b>81.3</b>	<b>143.5</b>	<b>299.2</b>	<b>205.8</b>	<b>225.5</b>	<b>220.7</b>	<b>308.5</b>
<b>Statement of financial position</b>							
Carrying value of assets	446.4	474.6	594.1	542.4	599.3	610.5	621.7
of which: Acquisition of assets	81.7	149.5	261.8	145.0	200.0	205.0	205.0
Inventory	58.3	52.6	15.9	60.0	70.0	80.0	80.0
Receivables and prepayments	606.4	721.5	849.3	1 020.5	799.8	873.4	960.8
Cash and cash equivalents	1 085.1	1 096.7	1 101.3	1 117.0	1 344.1	1 497.9	1 705.5
Assets not classified elsewhere	–	–	–	–	–	–	–
<b>Total assets</b>	<b>2 196.2</b>	<b>2 345.5</b>	<b>2 560.6</b>	<b>2 739.9</b>	<b>2 813.1</b>	<b>3 061.8</b>	<b>3 368.0</b>

**Table 9.13 State Information Technology Agency: Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial position</b>							
Accumulated surplus/deficit	923.3	1 066.8	1 366.0	1 305.3	1 722.5	1 967.9	2 164.7
Borrowings	31.2	26.0	20.8	15.6	10.4	5.2	–
Post-retirement benefits	78.2	85.5	93.2	79.0	85.0	87.5	89.3
Trade and other payables	1 109.5	1 107.2	1 007.1	1 250.0	953.5	955.7	1 064.0
Provisions	54.0	60.0	73.5	90.0	41.7	45.5	50.1
<b>Total equity and liabilities</b>	<b>2 196.2</b>	<b>2 345.5</b>	<b>2 560.6</b>	<b>2 739.9</b>	<b>2 813.1</b>	<b>3 061.8</b>	<b>3 368.0</b>

### Expenditure trends

Operating expenditure grew from R476 million in 2006/07 to R580 million in 2007/08, an increase of 22 per cent, and from R592 million in 2007/08 to R607 million in 2008/09, an increase of 3 per cent. The agency reflected strong growth in gross revenues for 2007/08, which increased by 9 per cent from 2006/07.

Previous cost containment initiatives are still in progress.

Surpluses grew at an average annual rate of 91.8 per cent from R81 million in 2005/06 to R299 million in 2007/08. Capital expenditure grew from R149.5 million in 2007/08 to R262 million in 2008/09, an increase of 75 per cent.

## Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	79.3	92.6	89.3	96.4	(5.4)	91.0	91.0
2. Human Resource Management and Development in Government	48.9	40.9	45.4	53.9	2.9	56.9	53.5
3. Management of Compensation in Government	79.9	94.8	116.5	144.1	(1.0)	143.1	143.1
4. Information and Technology Management in Government	40.3	42.1	38.3	38.7	(3.7)	35.1	35.1
5. Service Delivery Improvement throughout Government	66.9	65.2	38.7	39.2	(7.9)	31.3	31.3
6. Governance for Public Service and Administration	30.1	35.2	31.2	31.6	12.5	44.1	44.1
7. Centre of Public Service Innovation	12.0	13.2	11.0	8.4	10.4	18.8	18.8
<b>Total</b>	<b>357.3</b>	<b>384.1</b>	<b>370.4</b>	<b>412.3</b>	<b>7.9</b>	<b>420.2</b>	<b>416.8</b>

### Economic classification

<b>Current payments</b>	<b>335.3</b>	<b>380.5</b>	<b>366.2</b>	<b>388.4</b>	<b>28.2</b>	<b>416.6</b>	<b>410.8</b>
Compensation of employees	99.0	117.7	115.8	125.2	7.9	133.1	130.6
Goods and services	236.2	262.8	250.4	263.2	20.3	283.6	280.2
Financial transactions in assets and liabilities	–	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>18.9</b>	<b>0.4</b>	<b>0.8</b>	<b>21.7</b>	<b>(20.3)</b>	<b>1.4</b>	<b>3.9</b>
Provinces and municipalities	–	–	0.0	–	0.0	0.0	0.0
Departmental agencies and accounts	18.4	–	–	21.4	(21.4)	–	–
Public corporations and private enterprises	–	–	0.5	–	0.1	0.1	0.1
Foreign governments and international organisations	0.4	0.4	0.2	0.4	0.3	0.7	0.6
Households	–	–	0.0	–	0.7	0.7	3.2
<b>Payments for capital assets</b>	<b>3.1</b>	<b>3.2</b>	<b>3.4</b>	<b>2.1</b>	<b>–</b>	<b>2.1</b>	<b>2.1</b>
Machinery and equipment	2.9	2.9	3.4	2.0	–	2.0	2.1
Software and intangible assets	0.3	0.3	–	0.1	–	0.1	0.0
<b>Total</b>	<b>357.3</b>	<b>384.1</b>	<b>370.4</b>	<b>412.3</b>	<b>7.9</b>	<b>420.2</b>	<b>416.8</b>

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

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	71.6	91.6	115.0	131.9	136.7	158.3	170.0
Unit cost (R million)	0.3	0.3	0.3	0.3	0.3	0.3	0.4
Personnel numbers (head count)	258	320	370	485	466	466	466
<b>Interns</b>							
Compensation of interns (R million)	0.5	0.9	0.9	1.2	1.2	1.2	1.2
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	20	20	20	25	25	25	25
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>72.1</b>	<b>92.5</b>	<b>115.8</b>	<b>133.1</b>	<b>137.9</b>	<b>159.5</b>	<b>171.2</b>
<b>Unit cost (R million)</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
<b>Personnel numbers (head count)</b>	<b>278</b>	<b>340</b>	<b>390</b>	<b>510</b>	<b>491</b>	<b>491</b>	<b>491</b>
<b>Learnerships</b>							
Payments for learnerships (R million)	–	–	0.2	0.2	0.3	0.3	0.3
Number of learnerships (head count)	–	–	9	9	5	5	5



**Table 9.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	72.1	92.5	115.8	133.1	137.9	159.5	171.2
Training expenditure (R million)	1.6	2.2	2.8	2.7	2.8	2.9	3.1
Training as percentage of compensation	2.2%	2.4%	2.4%	2.0%	2.0%	1.8%	1.8%
Total number trained in department (head count)	115	173	200	195			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	32	13	47	45			
<i>Internships trained (head count)</i>	20	25	24	25			

Table 9.D Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign</b>												
<b>In cash</b>												
United Kingdom	Integrated provincial support programme II	Service Delivery Improvement throughout Government	9 036	Goods and services	Programme and project management. Improved transparency and accountability. Enhanced accessibility of basic services to the poor. Strengthening the centre of government	13 252	7 355	1 681	-	-	-	-
Sweden	Public support in the Democratic Republic of the Congo	Governance for Public Service and Administration	18 3654	Goods and services	Regional support to Democratic Republic of the Congo. Stabilisation of the country. Building confidence in the state. Developing new governance framework through a census project	12 581	5 251	533	-	-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Public service HIV and AIDS indaba III	Human Resource Management and Development in Government	200	Goods and services	Learning session at the public service HIV and AIDS indaba III	-	-	200	-	-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	South African public management conversation conference. 4th Pan Africa conference of ministers of public service	Governance for Public Service and Administration	179	Goods and services	Publication costs of South African public management conversation conference and 4th Pan African conference of ministers of public service	-	-	179	-	-	-	-
Commonwealth Secretariat	Provincial learning and knowledge management workshop	Service Delivery Improvement throughout Government	37	Goods and services	Provincial learning and knowledge management workshop	146	-	37	-	-	-	-
Commonwealth Secretariat	Sponsored a study tour to Canada	Human Resource Management and Development in Government	7	Goods and services	Study tour on best practices in Canadian federal government system, relating to macro-organisation of the state, and centralisation and decentralisation	127	-	7	-	-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	HR Connect	Human Resource Management and Development in Government	2 611	Goods and services	Implementation of HR Connect phase 2 and phase 3	-	-	-	2 611	-	-	-
African Renaissance Fund	Democratic Republic of the Congo census project	Governance for Public Service and Administration	40 000	Goods and services	Regional support to Democratic Republic of the Congo. Stabilisation of the country. Building confidence in the state. Developing new governance framework through a census project	-	-	-	40 000	-	-	-

Table 9.D Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome				Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand													
<b>Foreign</b>													
<b>In cash</b>													
Canadian International Development Agency	Anti-corruption capacity building programme	Governance for Public Service and Administration	24 320	Goods and services	Strengthening law enforcement officials' competencies to prevent, detect, investigate, prosecute and monitor corruption. Increase understanding of corruption	-	-	-	6 549		5 716	4 371	3 769
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Senior management service competency assessment	Human Resource Management and Development in Government	1 200	Goods and services	Finalise competency assessment framework for senior management service	-	-	-	1 200		-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Service delivery improvement plans	Service Delivery Improvement throughout Government	709	Goods and services	Impact study report and recommendations on service delivery improvement plans	-	-	-	709		-	-	-
United Nations Development Programme	Ministers' programme	Governance for Public Service and Administration	9 353	Goods and services	Convene sixth conference of ministers of public service	-	-	-	9 353		-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Public service conversations	Service Delivery Improvement throughout Government	100	Goods and services	Publish report on approaches to public participation	-	-	-	-		100	-	-
<b>In kind</b>													
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Public service qualifications profile	Human Resource Management and Development in Government	63	Goods and services	Review draft human resource planning strategic framework	-	-	-	63		-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Public management watch	Governance for public service and administration	400	Goods and services	Develop marketing material to improve use of public management watch	-	-	-	400		-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Impact assessment of anti-corruption framework	Governance for Public Service and Administration	583	Goods and services	Conduct public administration survey	-	-	-	583		-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Community development workers	Service Delivery Improvement throughout Government	300	Goods and services	Technical and facilitation assistance with community development worker workshops	-	-	-	-		-	-	-

Table 9.D Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>In kind</b>												
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Anti-corruption assistance to Democratic Republic of the Congo	Governance for Public Service and Administration	6 250	Goods and services	Increased capacity to fight corruption in the Democratic Republic of the Congo	-	-	-	100	6 150	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Anti-corruption training, communication and awareness programme	Governance for Public Service and Administration	15 800	Goods and services	Increased capacity to fight corruption in the public sector	-	-	-	7 800	5 000	3 000	-
European Union	Pilot recognition of prior learning policy	Human Resource Management and Development in Government	100	Goods and services	Draft policy documents for recognition of prior learning in the public service piloted in 2 departments	-	-	-	100	-	-	-
Royal Danish Embassy	Anti-corruption	Governance for Public Service and Administration	2 265	Goods and services	Increased capacity to fight corruption in the public sector	-	-	-	2 265	-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Human resource planning unit standard	Human resource Management and Development in Government	200	Goods and services	Engineering public service policies	-	-	-	200	-	-	-
Japanese International Cooperation Agency	Monitoring and evaluation of HIV and AIDS	Human Resource Management and Development in Government	100	Goods and services	Deployment of a monitoring and evaluation expert to offer technical assistance on monitoring and evaluation of HIV and AIDS. Technical support and regular learning networks in South Africa and SADC countries. Technical support for training of government departments	-	-	-	100	-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	HIV and AIDS mainstreaming	Human Resource Management and Development in Government	700	Goods and services	Training employee wellness and health practitioners on mainstreaming HIV and AIDS	-	-	-	700	-	-	-
Constella Futures	Costing of HIV and AIDS programmes	Human Resource Management and Development in Government	100	Goods and services	Training of government officials on costing of HIV and AIDS programmes	-	-	-	100	-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Innovation awards and Burundi post-conflict workshop	Governance for Public Service and Administration	2 000	Goods and services	Concluded adjudication process. Convened post-conflict reconstruction and development workshop. Held All Africa public sector innovation awards. Developed post-conflict reconstruction and development framework on governance and public administration	-	-	-	2 000	-	-	-

Table 9.D Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome				Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand													
<b>In kind</b>													
Development Bank of Southern Africa	Regional economic communities	Governance for Public Service and Administration	250	Goods and services	Concept paper on mainstreaming governance and public administration in regional economic communities' policy organs	-	-	-	250		-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Human resource planning strategic framework	Human Resource Management and Development in Government	63	Goods and services	Review draft human resource planning strategic framework	-	-	-	100		-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Public service human resource planning unit standard development	Human Resource Management and Development in Government	100	Goods and services	Develop 5 unit standards for human resource planning to be registered by South African Qualification Authority and implemented as training programmes by Public Service Leadership and Management Academy	-	-	-	63		-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Human resource scenario planning	Human Resource Management and Development in Government	100	Goods and services	Develop human resource planning scenario for capacity development of planners	-	-	-	100		-	-	-
<b>Local</b>													
<b>In kind</b>													
Price Waterhouse Coopers	Public service gender indaba	Human Resource Management and Development in Government	105	Goods and services	Engendering public service policies	-	-	-	105		-	-	-
<b>Total</b>			<b>135 596</b>			<b>26 106</b>	<b>12 606</b>	<b>2 637</b>	<b>75 451</b>		<b>16 966</b>	<b>7 371</b>	<b>3 769</b>



# Vote 10

## Public Service Commission

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	60.9	59.5	0.0	1.4	65.6	70.2
Leadership and Management Practices	16.4	16.4	–	–	18.6	20.5
Monitoring and Evaluation	19.8	19.8	–	–	22.2	24.5
Integrity and Anti-Corruption	24.1	24.1	–	–	26.3	30.3
<b>Total expenditure estimates</b>	<b>121.3</b>	<b>119.8</b>	<b>0.0</b>	<b>1.4</b>	<b>132.6</b>	<b>145.5</b>
Executive authority	Minister for Public Service and Administration					
Accounting officer	Director-General of the Public Service Commission					
Website address	www.psc.gov.za					

### Aim

*The aim of the Public Service Commission is to promote constitutional values and principles of public administration in the public service.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Manage the office of the Public Service Commission and provide centralised support services.

#### Programme 2: Leadership and Management Practices

**Purpose:** Promote sound public service leadership, human resource management, labour relations and labour practices.

#### Programme 3: Monitoring and Evaluation

**Purpose:** Establish a high standard of service delivery, monitoring and good governance in the public service.

#### Programme 4: Integrity and Anti-Corruption

**Purpose:** Undertake public administration investigations, promote a high standard of ethical conduct among public servants and contribute to preventing and combating corruption.

### Strategic overview: 2005/06 – 2011/12

The Public Service Commission is the only government body empowered and mandated to oversee and evaluate the functioning of the public service, with a view to establishing good governance and best practice principles. Key areas of activity include: promoting values and principles, such as high standards of professional ethics; using resources economically and effectively; ensuring impartiality, accountability and representivity in public administration; investigating, monitoring and evaluating organisational, administrative and personnel practices;



and proposing measures to ensure effective and efficient performance within the public service. Through these ongoing activities, the commission has played a significant role in the transformation of the public service.

The Public Service Commission has structured its work into six strategic performance areas:

#### Public service leadership

The commission supports processes aimed at strengthening the quality of public service leadership, emanating from its involvement in the evaluation of heads of department since 2001 and the advice it gives to the executive authorities and heads of department on the quality of performance agreements.

#### Labour relations

The commission is the chief arbiter on grievances in the public service. Through its resolution of grievances, it generates data and identifies areas that require attention. The commission recently proposed amendments to the grievance rules.

#### Monitoring and evaluation

Monitoring and evaluation are key to the commission's oversight work and a range of instruments have been designed to collect and analyse evaluative data. An example is the transversal public service monitoring and evaluation system, which has been in operation since 2003 and applied in 100 departments (28 national and 82 provincial). The system will continue to generate critical evaluative data for more comprehensive reporting on the state of the public service, including in the provinces.

#### Service delivery and compliance evaluations

The Public Service Commission assesses service delivery practices in departments to determine their effectiveness, responsiveness and efficiency. The commission conducts annual surveys on the implementation of the Batho Pele principles and citizen satisfaction, and does targeted inspections of service delivery sites.

#### Public administration investigations

The commission responds to complaints lodged in line with the complaints rules, conducting a combination of full scale and desktop investigations. Full scale investigations are limited by capacity constraints.

The national anti-corruption hotline is an important public participation mechanism for reporting alleged corruption. Since its inception in 1994, the hotline has yielded significant results, such as the recovery of R86 million from investigations emanating from reported misconduct.

#### Promoting an integrity driven public service

The Public Service Commission promotes professional ethics in the public service by inculcating a culture of integrity, through workshops on the code of conduct and by identifying potential conflicts of interest via the hotline. Through the financial disclosure framework, the commission manages the conflicts of interest that may arise between the official responsibilities and private interests of senior managers. The commission's recommendations on developing a policy on managing conflicts of interest, based on comprehensive research, are currently being considered by the Department of Public Service and Administration for incorporation in the public service regulations.

## Selected performance and operations indicators

**Table 10.1 Public Service Commission**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of grievances investigated and concluded	Leadership and Management Practices	486	641	597	414	600	650	650
Number of new reports on the management of grievances in the public service	Leadership and Management Practices	–	2	3	1	1	1	1

**Table 10.1 Public Service Commission (continued)**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Increase in the number of strategic human resource reviews	Leadership and Management Practices	1	1	2	2	2	2	2
Number of new research reports on labour relations	Leadership and Management Practices	–	2	3	3	1	1	1
Percentage of 146 heads of department whose performance was evaluated	Leadership and Management Practices	25% (36)	25% (36)	56% (73)	8% (12)	100% (146)	100% (146)	100% (146)
Percentage of 146 heads of department whose performance agreements have been quality assured	Leadership and Management Practices	69% (100)	59% (86)	82% (119)	73% (106)	100% (146)	100% (146)	100% (146)
Number of new reports on public service leadership	Leadership and Management Practices	1	1	5	3	2	2	2
Number of new reports on monitoring and evaluation	Monitoring and Evaluation	16	12	22	11	20	20	20
Number of new reports on service delivery	Monitoring and Evaluation	3	3	9	4	4	4	4
Percentage of financial disclosure forms received	Integrity and Anti-Corruption	79% (7 048)	79% (7 877)	77% (6 558)	100% (8 700)	100% (8 900)	100% (9 100)	100% (9 300)
Number of new public administration investigations successfully concluded	Integrity and Anti-Corruption	12	17	10	4	10	10	10
Number of new public administration research projects reports	Integrity and Anti-Corruption	1	2	5	3	2	2	2

## Expenditure estimates

**Table 10.2 Public Service Commission**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	48.2	51.0	58.9	57.8	57.8	60.9	65.6	70.2
2. Leadership and Management Practices	12.0	11.7	13.8	14.9	14.9	16.4	18.6	20.5
3. Monitoring and Evaluation	15.8	16.4	17.5	18.5	18.5	19.8	22.2	24.5
4. Integrity and Anti-Corruption	14.9	17.0	17.9	22.4	22.4	24.1	26.3	30.3
<b>Total</b>	<b>91.1</b>	<b>96.1</b>	<b>108.1</b>	<b>113.7</b>	<b>113.7</b>	<b>121.3</b>	<b>132.6</b>	<b>145.5</b>
Change to 2008 Budget estimate				2.5	2.5	0.8	0.5	5.4

### Economic classification

	88.3	94.3	105.4	112.3	112.3	119.8	131.2	143.9
<b>Current payments</b>								
Compensation of employees	57.0	61.5	70.2	82.4	82.4	90.1	99.5	109.8
Goods and services	31.2	32.7	35.2	30.0	30.0	29.7	31.6	34.1
of which:								
Administrative fees	1.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0
Advertising	0.2	0.4	0.5	0.1	0.1	0.0	0.0	0.0
Assets less than R5 000	1.0	0.7	0.7	0.4	0.4	0.4	0.5	0.5
Audit costs: External	1.1	0.9	1.2	0.4	0.4	0.4	0.4	0.9
Communication	2.4	2.2	2.1	2.0	2.0	2.1	2.2	2.2
Computer services	2.6	2.5	2.1	2.3	2.3	2.3	2.4	2.6
Consultants and professional services:	3.3	5.6	5.0	5.5	5.5	5.3	5.5	6.3
Business and advisory service								
Contractors	0.5	0.2	0.4	0.2	0.2	0.2	0.2	0.2
Inventory: Stationery and printing	2.1	2.5	5.1	3.3	3.3	3.1	3.3	3.4
Lease payments	6.7	6.3	6.6	8.4	8.4	8.8	9.6	10.2
Owned and leasehold property expenditure	0.5	1.7	1.5	0.4	0.4	0.4	0.4	0.4
Travel and subsistence	8.0	6.4	6.4	5.2	5.2	5.1	5.4	5.6
Training and development	–	–	0.9	0.5	0.5	0.5	0.6	0.6
Operating expenditure	0.6	0.5	1.1	0.4	0.4	0.4	0.4	0.4
Venues and facilities	0.8	1.1	0.8	0.3	0.3	0.2	0.2	0.2
Financial transactions in assets and liabilities	0.1	0.2	0.0	–	–	–	–	–

**Table 10.2 Public Service Commission (continued)**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Provinces and municipalities	0.2	0.0	–	–	–	–	–	–
Foreign governments and international organisations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Payments for capital assets</b>	<b>2.6</b>	<b>1.7</b>	<b>2.7</b>	<b>1.3</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>
Machinery and equipment	2.6	1.7	2.6	1.3	1.3	1.4	1.4	1.5
Software and other intangible assets	0.0	–	0.1	–	–	–	–	–
<b>Total</b>	<b>91.1</b>	<b>96.1</b>	<b>108.1</b>	<b>113.7</b>	<b>113.7</b>	<b>121.3</b>	<b>132.6</b>	<b>145.5</b>

## Expenditure trends

Expenditure increased at an average annual rate of 7.7 per cent between 2005/06 and 2008/09, from R91.1 million to R113.7 million. This is due to additional funds received for the revision of the complaints and grievance rules, the establishment of the national anti-corruption hotline, the creation of the integrity and anti-corruption branch, management of conflicts of interest, the evaluation of poverty reduction programmes and the devolution of funds for accommodation from the Department of Public Works.

Expenditure is set to increase at an average annual rate of 8.6 per cent over the MTEF period, due to additional funds received for capacity and salary increases.

Savings of R1.6 million in 2009/10, R1.7 million in 2010/11 and R1.8 million in 2011/12 have been identified. They will be made under goods and services.

## Departmental receipts

The Public Service Commission's receipts are made up of commissions from financial institutions on insurance premium deductions from employees' salaries. Other revenue derives from the capital repayment of study loans and conditional bursaries, parking fees, and payments for private telephone use.

**Table 10.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>243</b>	<b>163</b>	<b>164</b>	<b>233</b>	<b>190</b>	<b>235</b>	<b>249</b>	<b>264</b>
Sales of goods and services produced by department	36	36	41	37	37	38	40	42
Interest, dividends and rent on land	14	12	30	26	26	26	28	30
Financial transactions in assets and liabilities	193	115	93	170	127	171	181	192
<b>Total</b>	<b>243</b>	<b>163</b>	<b>164</b>	<b>233</b>	<b>190</b>	<b>235</b>	<b>249</b>	<b>264</b>

## Programme 1: Administration

### Expenditure estimates

**Table 10.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Public Service Commission	11.8	13.0	14.4	14.1	14.7	15.5	16.4
Management	5.3	4.6	5.5	6.6	7.0	7.4	7.8
Corporate Services	24.8	26.5	31.6	29.2	30.7	33.3	36.1
Property Management	6.3	7.0	7.4	7.9	8.5	9.4	9.9
<b>Total</b>	<b>48.2</b>	<b>51.0</b>	<b>58.9</b>	<b>57.8</b>	<b>60.9</b>	<b>65.6</b>	<b>70.2</b>
Change to 2008 Budget estimate				1.4	0.4	(0.5)	4.1

Table 10.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>45.6</b>	<b>49.3</b>	<b>56.2</b>	<b>56.5</b>	<b>59.5</b>	<b>64.1</b>	<b>68.7</b>
Compensation of employees	26.6	28.8	34.4	38.3	41.0	44.2	46.8
Goods and services	19.0	20.3	21.8	18.2	18.5	19.9	21.9
of which:							
Administrative fees	0.7	1.0	0.0	0.0	0.0	0.0	0.0
Assets less than R5 000	0.9	0.6	0.7	0.4	0.4	0.4	0.4
Audit costs: External	1.1	0.9	1.2	0.4	0.4	0.4	0.9
Communication	1.2	1.1	1.0	1.0	1.0	1.1	1.1
Computer services	2.6	2.5	2.1	2.3	2.3	2.4	2.6
Consultants and professional services:	0.4	0.8	0.6	0.8	0.8	0.7	1.3
Business and advisory service							
Inventory: Stationery and printing	0.6	0.7	1.4	0.7	0.7	0.7	0.7
Lease payments	6.6	6.2	6.6	8.2	8.5	9.4	9.9
Owned and leasehold property expenditure	0.3	1.4	1.2	0.2	0.2	0.2	0.2
Travel and subsistence	3.3	3.5	3.9	2.6	2.6	2.8	2.9
Training and development	–	–	0.6	0.5	0.5	0.6	0.6
Operating expenditure	0.4	0.4	0.8	0.3	0.4	0.4	0.4
Venues and facilities	0.5	0.5	0.6	0.2	0.2	0.2	0.2
Financial transactions in assets and liabilities	0.0	0.2	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Foreign governments and international organisations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Payments for capital assets</b>	<b>2.6</b>	<b>1.7</b>	<b>2.7</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>
Machinery and equipment	2.6	1.7	2.6	1.3	1.4	1.4	1.5
Software and other intangible assets	0.0	–	0.1	–	–	–	–
<b>Total</b>	<b>48.2</b>	<b>51.0</b>	<b>58.9</b>	<b>57.8</b>	<b>60.9</b>	<b>65.6</b>	<b>70.2</b>

## Expenditure trends

Expenditure in the *Administration* programme increased at an average annual rate of 6.3 per cent between 2005/06 and 2008/09, from R48.2 million to R57.8 million, mainly due to the devolution of funds from the Department of Public Works. The 15.6 per cent increase in 2007/08 was due to pension fund contributions made to members of the non-statutory forces.

Expenditure is expected to stabilise at an average annual rate of 6.7 per cent over the MTEF period as a result of salary increases.

## Programme 2: Leadership and Management Practices

- *Labour Relations Improvement* improves public service labour relations and management practices.
- *Leadership and Human Resource Reviews* promotes a high standard of public service leadership and encourages best practices in human resource policies.

## Objectives and measures

- Improve public service labour relations and promote best practices by:
  - increasing investigations into grievances and complaints lodged by public servants from 600 in 2009/10 to 650 in 2011/12, and making related recommendations to the executive authorities
  - conducting investigative research into labour relations practices in the public service, and making recommendations.

- Support the performance management of heads of department by:
  - implementing the performance framework for 100 per cent of heads of department in 2011/12
  - facilitating and chairing evaluation panels
  - providing advice on performance to the executive authorities and members of the executive councils.
- Improve human resources management in the public service by conducting research on public service leadership and human resource management practices and publishing at least 3 reports a year.

## Service delivery and spending focus

After the promulgation of the grievance rules in 2003, there was a steady increase in grievances from 471 in 2004/05 to 641 in 2006/07, and then a slight decrease to 597 in 2008/09. There has, however, been a consistent increase in the number of departments asking for assistance on managing grievances better. The Public Service Commission is currently assessing the contribution of the Public Service Sector Education and Training Authority to the professional development of public servants.

The commission has been instrumental in establishing the Association of African Public Services Commissions, which aims to build a strong regional network for sharing experiences in public administration. In April 2008, the chairperson of the Public Service Commission was elected as the association's interim president, and the director-general is head of the secretariat.

3 reports were completed in 2008/09: the audit of selection processes in selected departments, an assessment of the implementation of performance management development systems for senior managers in Northern Cape, and an assessment on disability equity in the public service. The Public Service Commission is currently assessing human resources in the public service and the effectiveness of public service leadership in promoting intergovernmental relations.

## Expenditure estimates

**Table 10.5 Leadership and Management Practices**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Labour Relations Improvement	6.4	5.8	6.5	7.0	7.7	8.7	9.7
Leadership and Human Resource Reviews	5.7	6.0	7.3	8.0	8.7	9.8	10.8
<b>Total</b>	<b>12.0</b>	<b>11.7</b>	<b>13.8</b>	<b>14.9</b>	<b>16.4</b>	<b>18.6</b>	<b>20.5</b>
Change to 2008 Budget estimate				0.3	0.3	0.6	0.1
<b>Economic classification</b>							
<b>Current payments</b>	<b>12.0</b>	<b>11.7</b>	<b>13.8</b>	<b>14.9</b>	<b>16.4</b>	<b>18.6</b>	<b>20.5</b>
Compensation of employees	8.8	9.3	10.9	12.6	14.1	16.1	18.1
Goods and services	3.3	2.5	2.9	2.3	2.3	2.4	2.5
<i>of which:</i>							
<i>Inventory: Stationery and printing</i>	<i>0.4</i>	<i>0.4</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>
<i>Travel and subsistence</i>	<i>1.5</i>	<i>1.0</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>
<i>Venues and facilities</i>	<i>0.0</i>	<i>0.5</i>	<i>0.1</i>	–	–	–	–
Financial transactions in assets and liabilities	–	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	–	–	–	–	–
Provinces and municipalities	0.0	0.0	–	–	–	–	–
<b>Total</b>	<b>12.0</b>	<b>11.7</b>	<b>13.8</b>	<b>14.9</b>	<b>16.4</b>	<b>18.6</b>	<b>20.5</b>

## Expenditure trends

Expenditure increased at an average annual rate of 7.4 per cent between 2005/06 and 2008/09. The increase was mainly due to additional funds received for grievances and for the evaluation of the performance of heads of department. To strengthen oversight work on public service leadership, a restructuring process was implemented, which resulted in the creation of a public service leadership component. Expenditure is expected

to increase at an average annual rate of 11.3 per cent over the MTEF period, from R14.9 million in 2008/09 to R20.5 million in 2011/12, mainly as a result of salary increases and posts being filled.

### Programme 3: Monitoring and Evaluation

- *Governance Monitoring* promotes good governance and improves governance practices in the public service.
- *Service Delivery and Compliance Evaluations* promotes improved service delivery through public participation and the monitoring of quality audits.

#### Objectives and measures

- Improve governance and service delivery by:
  - monitoring and evaluating the implementation of the principles governing public administration
  - increasing the number of monitoring and evaluation reports to departments from 11 to 22 in 2011/12.
- Establish the expectations and perceptions of citizens regarding the state of service delivery by conducting at least 6 service delivery assessments per year by 2011/12.

#### Service delivery and spending focus

In 2008/09, the transversal monitoring and evaluation system was implemented in 25 departments (7 national and 18 provincial). Following the reports on poverty reduction, the Public Service Commission convened 2 dialogues on poverty reduction strategies and interventions. A report on the first dialogue, which focused on poverty and women, has been published. The second dialogue focused on access to services and on xenophobia. The commission is evaluating the integrated sustainable rural development programme.

The annual State of the Public Service report is the Public Service Commission's flagship oversight product. The 2009 report will focus on the readiness of the public service for 2010 and beyond, and will be published in March. In keeping with its commitment to monitor the uptake of its recommendations by departments, the Public Service Commission updated its implementation report.

#### Expenditure estimates

**Table 10.6 Monitoring and Evaluation**

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
Audited outcome							
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Governance Monitoring	8.3	8.6	9.0	9.4	10.0	11.2	12.3
Service Delivery and Compliance Evaluations	7.6	7.8	8.5	9.1	9.8	11.0	12.1
<b>Total</b>	<b>15.8</b>	<b>16.4</b>	<b>17.5</b>	<b>18.5</b>	<b>19.8</b>	<b>22.2</b>	<b>24.5</b>
Change to 2008 Budget estimate				0.3	0.1	0.4	0.2
<b>Economic classification</b>							
<b>Current payments</b>	<b>15.8</b>	<b>16.4</b>	<b>17.5</b>	<b>18.5</b>	<b>19.8</b>	<b>22.2</b>	<b>24.5</b>
Compensation of employees	11.4	11.1	12.5	14.2	15.8	17.9	20.0
Goods and services	4.4	5.2	5.0	4.3	4.0	4.3	4.5
of which:							
Communication	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Consultants and professional services: Business and advisory service	1.3	2.0	1.3	1.7	1.5	1.6	1.7
Inventory: Stationery and printing	0.5	1.0	1.6	0.9	0.9	1.0	1.0
Travel and subsistence	1.7	1.0	1.0	1.0	0.9	1.0	1.0
Financial transactions in assets and liabilities	0.0	–	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
<b>Total</b>	<b>15.8</b>	<b>16.4</b>	<b>17.5</b>	<b>18.5</b>	<b>19.8</b>	<b>22.2</b>	<b>24.5</b>

## Expenditure trends

Expenditure increased at an average annual rate of 5.3 per cent between 2005/06 and 2008/09 due to additional funds received for spending on programme evaluations, such as the poverty reduction programme. The budget is expected to increase at an average annual rate of 9.7 per cent over the MTEF period from R18.5 million in 2008/09 to R24.5 million in 2011/12, mainly due to salary increases and additional posts being filled.

## Programme 4: Integrity and Anti-Corruption

- *Public Administration Investigations* audits and investigates public administration practices.
- *Professional Ethics* promotes a high standard of ethical conduct among public servants and contributes to preventing and combating corruption.

## Objectives and measures

- Investigate and improve public administration practices by conducting 10 audits and investigations into public administration practices per year by 2011/12, and by making recommendations to departments on how to promote good governance.
- Promote professional ethics and strengthen integrity in the public service by researching and evaluating professional ethics and corruption prevention, and producing 3 reports with recommendations per year by 2011/12.
- Monitor and raise awareness of conflicts of interest among managers by managing the financial disclosure framework through official correspondence and annual reporting on non-complying managers to increase compliance to 100 per cent in 2011/12.
- Contribute to the fight against corruption by marketing the national anti-corruption hotline to the public via the media and to the public service via notifications in payslips to increase the number of cases reported from 1 348 in 2008/09 to 1 600 in 2011/12.

## Service delivery and spending focus

At the end of 2007/08, 4 753 cases of alleged corruption were referred to departments through the national anti-corruption hotline, and there was a compliance rate of 84 per cent for lodging financial disclosures. The Public Service Commission published a fact sheet, raising awareness on compliance with the financial disclosure framework. 3 reports were published in 2007/08: on the management of conflicts of interest through financial disclosures, the National Anti-Corruption Forum's annual report for 2006/07, and an assessment of professional ethics in the KwaZulu-Natal provincial administration.

In 2008/09, 60 complaints have been finalised, including cases that were carried over from the previous year. The number of investigations emanating from complaints and requests is likely to increase over the MTEF period. 100 complaints are expected to be finalised this year, and 120 in 2009/10. 148 complaints of poor service delivery, reported through the hotline, were received and have been referred to departments.

The Public Service Commission has also conducted a number of investigative research projects, including on the trends of complaints lodged with the commission, financial misconduct in 2007/08, the management of job applicants with criminal records, and supply chain management practices beneath the R200 000 threshold.

## Expenditure estimates

**Table 10.7 Integrity and Anti-Corruption**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Public Administration Investigations	9.6	9.9	10.3	11.5	12.6	14.0	16.4
Professional Ethics	5.4	7.1	7.5	10.9	11.4	12.2	13.9
<b>Total</b>	<b>14.9</b>	<b>17.0</b>	<b>17.9</b>	<b>22.4</b>	<b>24.1</b>	<b>26.3</b>	<b>30.3</b>
Change to 2008 Budget estimate				0.6	(0.0)	(0.1)	1.0



Table 10.7 Integrity and Anti-Corruption (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>14.9</b>	<b>17.0</b>	<b>17.9</b>	<b>22.4</b>	<b>24.1</b>	<b>26.3</b>	<b>30.3</b>
Compensation of employees	10.3	12.3	12.4	17.3	19.2	21.2	25.0
Goods and services	4.6	4.7	5.5	5.1	4.8	5.1	5.3
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory service</i>	1.6	2.8	2.7	2.8	2.8	2.9	3.1
<i>Inventory: Stationery and printing</i>	0.5	0.4	1.2	0.9	0.8	0.8	0.8
<i>Travel and subsistence</i>	1.5	0.9	0.7	0.8	0.8	0.8	0.8
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
<b>Total</b>	<b>14.9</b>	<b>17.0</b>	<b>17.9</b>	<b>22.4</b>	<b>24.1</b>	<b>26.3</b>	<b>30.3</b>

### Expenditure trends

Expenditure increased at an average annual rate of 14.5 per cent between 2005/06 and 2008/09. The increase from R14.9 million in 2005/06 to R22.4 million in 2008/09 was due to additional funds received for the establishment of the national anti-corruption hotline and the increase in capacity for dealing with the management of conflicts of interest. This accounts for the 26.5 per cent increase in spending in the *Professional Ethics* subprogramme between 2005/06 and 2008/09. Expenditure is expected to increase at an average annual rate of 10.5 per cent over the MTEF period, from R22.4 million in 2008/09 to R30.3 million in 2011/12, mainly due to the allocation of additional funds received for capacity for handling the expected increase in public administration investigations.



## Additional tables

**Table 10.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	53.0	55.2	58.9	56.5	1.4	57.8	57.8
2. Leadership and Management Practices	13.9	28.3	12.2	14.6	0.3	14.9	14.9
3. Monitoring and Evaluation	18.0	24.7	17.5	18.2	0.3	18.5	18.5
4. Integrity and Anti-Corruption	20.4	–	19.5	21.8	0.6	22.4	22.4
<b>Total</b>	<b>105.4</b>	<b>108.2</b>	<b>108.1</b>	<b>111.2</b>	<b>2.5</b>	<b>113.7</b>	<b>113.7</b>

  

Economic classification							
<b>Current payments</b>	<b>103.7</b>	<b>106.2</b>	<b>105.4</b>	<b>109.8</b>	<b>2.5</b>	<b>112.3</b>	<b>112.3</b>
Compensation of employees	74.3	74.1	70.2	79.9	2.5	82.4	82.4
Goods and services	29.4	32.1	35.2	30.0	–	30.0	30.0
Financial transactions in assets and liabilities	–	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>0.0</b>	<b>0.0</b>
Foreign governments and international organisations	0.0	0.0	0.0	0.0	–	0.0	0.0
<b>Payments for capital assets</b>	<b>1.7</b>	<b>1.9</b>	<b>2.7</b>	<b>1.3</b>	<b>–</b>	<b>1.3</b>	<b>1.3</b>
Machinery and equipment	1.7	1.9	2.6	1.3	–	1.3	1.3
Software and intangible assets	–	–	0.1	–	–	–	–
<b>Total</b>	<b>105.4</b>	<b>108.2</b>	<b>108.1</b>	<b>111.2</b>	<b>2.5</b>	<b>113.7</b>	<b>113.7</b>

**Table 10.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	56.3	60.9	69.7	81.9	89.6	99.0	109.3
Unit cost (R million)	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Personnel numbers (head count)	210	222	220	247	247	248	248
<b>Part time and temporary contract employees</b>							
Compensation (R million)	0.5	0.3	0.1	0.1	0.1	0.1	0.1
Unit cost (R million)	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Personnel numbers (head count)	5	5	5	5	5	5	5
<b>Interns</b>							
Compensation of interns (R million)	0.2	0.3	0.3	0.3	0.4	0.4	0.4
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	10	10	10	10	10	10	10
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>57.0</b>	<b>61.5</b>	<b>70.2</b>	<b>82.4</b>	<b>90.1</b>	<b>99.5</b>	<b>109.8</b>
<b>Unit cost (R million)</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>
<b>Personnel numbers (head count)</b>	<b>225</b>	<b>237</b>	<b>235</b>	<b>262</b>	<b>262</b>	<b>263</b>	<b>263</b>
<b>Learnerships</b>							
Payments for learnerships (R million)	–	–	0.2	0.2	0.2	0.2	0.2
Number of learnerships (head count)	–	10	10	10	10	10	10

**Table 10.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	57.0	61.5	70.2	79.9	90.1	99.5	109.8
Training expenditure (R million)	0.4	0.7	0.7	0.8	0.9	1.0	1.1
Training as percentage of compensation	0.7%	1.2%	0.9%	1.0%	1.0%	1.0%	1.0%
Total number trained in department (head count)	73	120	213	—			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	9	13	21	—			
<i>Learnerships trained (head count)</i>	—	10	3	—			
<i>Internships trained (head count)</i>	10	10	19	—			

Table 10.D Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign</b>												
<b>In cash</b>												
Commonwealth	Transparency for better governance	Monitoring and Evaluation	–	Goods and services	International Institute for Administrative Sciences third international conference on transparency for better governance prepared for and attended	20	21	–	–	–	–	–
Embassy of France	Second National Anti-Corruption Summit	Integrity and Anti-Corruption	–	Goods and services	Second national anti-corruption summit prepared for and attended	272	–	–	–	–	–	–
	South African Monitoring and Evaluation Association	Monitoring and Evaluation	–	Goods and services	South African Monitoring and Evaluation Association conference attended	–	–	100	–	–	–	–
United Kingdom	South African Monitoring and Evaluation Association	Monitoring and Evaluation	–	Goods and services	South African Monitoring and Evaluation Association conference attended	–	200	–	–	–	–	–
Department for International Development												
University of Sussex	Current challenges for development evaluation	Monitoring and Evaluation	–	Goods and services	Training on current challenges for development evaluation attended	–	19	–	–	–	–	–
<b>In kind</b>												
	Evaluation of the implementation of the policy framework on managing HIV and AIDS in the workplace	Leadership and Management Practices	–	Goods and services	Report on the evaluation of the implementation of the policy framework on managing HIV and AIDS in the workplace completed	814	–	–	–	–	–	–
	Development of a corporate video	Administration	–	Goods and services	Public Service Commission corporate video developed and distributed	179	–	–	–	–	–	–
	Evaluation of gender mainstreaming initiatives in the public service	Monitoring and Evaluation	–	Goods and services	Report on the evaluation of gender mainstreaming initiatives in the public service compiled	1 280	–	–	–	–	–	–
	Improving information management system for the Office of the Public Service Commission	Leadership and Management Practices	–	Goods and services	Information management system for the Public Service Commission office upgraded	228	–	–	–	–	–	–
	Study tour on conflicts of interest	Monitoring and Evaluation	–	Goods and services	Study tour on conflicts of interest in various countries attended	327	–	–	–	–	–	–
	Management, staff costs and overheads	Administration	–	Goods and services	Overall management, staff costs and overheads paid for	750	750	444	–	–	–	–

Table 10.D Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign In kind</b>												
	Miscellaneous, workshops	Administration	–	Goods and services	Workshops on the public service held	296	500	250	–	–	–	–
	Evaluation of the implementation of the policy framework on managing HIV and AIDS in the workplace	Leadership and Management Practices	–	Goods and services	Evaluation of the implementation of the policy framework on managing HIV and AIDS in the workplace completed	–	390	–	–	–	–	–
	Envisa communications	Monitoring and Evaluation	–	Goods and services	Assistance in Envisa communications	–	52	–	–	–	–	–
	Investigation into poor performance in the public service	Integrity and Anti-Corruption	–	Goods and services	Investigation into poor performance in the public service completed and report compiled	–	635	–	–	–	–	–
	Information knowledge management system	Administration	–	Goods and services	Information knowledge management system developed	–	245	–	–	–	–	–
	Conflict of interest	Integrity and Anti-Corruption	–	Goods and services	Investigation on conflicts of interest completed, and report compiled	–	60	–	–	–	–	–
	Anti-corruption guidelines	Integrity and Anti-Corruption	–	Goods and services	Anti-corruption guidelines developed	–	122	–	–	–	–	–
	Evaluation of the implementation of the Batho Pele principle: value for money	Monitoring and Evaluation	–	Goods and services	Evaluation of the implementation of the Batho Pele principle: value for money, completed, and report compiled	–	423	390	–	–	–	–
	Training needs for senior management service	Administration	–	Goods and services	Investigation on training needs for senior management service completed	–	580	1139	–	–	–	–
	Investigation into poor performance in the public service	Integrity and Anti-Corruption	–	Goods and services	Investigation into poor performance in the public service completed, and report compiled	–	–	203	–	–	–	–
	Human resources conference	Leadership and Management Practices	–	Goods and services	Human resources conference prepared for and attended	–	–	560	–	–	–	–
	Fraud prevention plans	Administration	–	Goods and services	Fraud prevention plans developed	–	–	288	–	–	–	–
Norwegian Agency for Development Cooperation	Training at European Evaluation Society conference	Monitoring and Evaluation	–	Goods and services	Training at European Evaluation Society conference attended	–	–	–	28	–	–	–

Table 10.D Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign</b>												
<b>In kind</b>												
Southern Sudan Civil Government	Follow up visit to Southern Sudan civil service	Administration	-	Goods and services	Follow-up visit to Southern Sudan civil service made by senior Public Service Commission members	-	-	-	129	-	-	-
United Nations	Attend ad hoc expert group meeting on lessons learned in post-conflict state capacity: Reconstructing governance and public administration capacities in post-conflict societies	Administration	-	Goods and services	Ad hoc expert group meeting on lessons learned in post-conflict state capacity: Reconstructing governance and public administration capacities in post-conflict societies attended	-	-	-	11	-	-	-
Association of Human Resource Professionals	Member of panel of judges for the human resources management awards: Super 10	Administration	-	Goods and services	Public Service Commission officials were members of panel of judges for the human resources management awards: Super 10	-	-	-	12	-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Public Service Sector Education and Training Authority project	Leadership and Management Practices	-	Goods and services	Public Service Sector Education and Training Authority project	-	-	-	350	-	-	-
<b>Local</b>												
<b>In cash</b>												
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Second National Anti-Corruption Summit	Integrity and Anti-Corruption	-	Goods and services	Second National Anti-Corruption Summit, prepared for and attended	169	-	-	-	-	-	-
<b>In kind</b>												
South African Management Development Institute	Accelerate development programme	Administration	-	Goods and services	Accelerate development programme workshop attended	-	264	-	-	-	-	-
<b>Total</b>			-			4 335	4 261	3 374	530	-	-	-

# Vote 11

## Statistics South Africa

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	414.2	405.9	–	8.3	424.1	519.7
Economic Statistics	156.6	156.5	0.0	0.1	174.2	180.8
Population and Social Statistics	620.9	597.4	–	23.6	965.8	1 622.8
Methodology and Standards	57.4	57.4	–	–	60.3	64.4
Statistical Support and Informatics	197.2	174.3	–	22.9	220.0	199.7
Corporate Relations	162.4	162.1	0.0	0.2	161.6	170.5
<b>Total expenditure estimates</b>	<b>1 608.6</b>	<b>1 553.6</b>	<b>0.1</b>	<b>55.0</b>	<b>2 006.0</b>	<b>2 757.8</b>
Executive authority	Minister of Finance					
Accounting officer	Statistician-General of Statistics South Africa					
Website address	www.statssa.gov.za					

### Aim

*The aim of Statistics South Africa is to provide relevant and accurate statistics to inform users on the dynamics in the economy and society by applying internationally acclaimed practices.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Manage the department and provide centralised support services.

#### Programme 2: Economic Statistics

**Purpose:** Produce economic statistics to meet user requirements.

#### Programme 3: Population and Social Statistics

**Purpose:** Produce population, demographic, labour market and social statistics to meet user requirements in line with internationally recognised practices.

#### Programme 4: Methodology and Standards

**Purpose:** Provide expertise on quality and methodology for official statistics, standards for conducting surveys and a business sampling frame.

#### Programme 5: Statistical Support and Informatics

**Purpose:** Optimise the use of technology in the production and use of official statistics. Promote and provide better access to official statistics.

## Programme 6: Corporate Relations

**Purpose:** Provide statistical information to support policy makers. Manage stakeholders and interact with international statistical agencies. Provide effective communication activities.

### Strategic overview: 2005/06 – 2011/12

Statistics South Africa aims to contribute to South Africa's development goals by producing accurate and quality statistical information on economic, demographic, social and environmental developments in South Africa, applying internationally acclaimed practices. The information is used to inform public policy, as well as for monitoring and evaluating programmes.

#### Key strategic priorities

##### *Relevant statistical information*

Statistics South Africa's core deliverable is relevant, reliable and quality statistical information on the economy and society to enable informed planning and decision making. Statistics South Africa is committed to improving measurements in the areas of economic growth, price stability, employment and job creation, life circumstances, service delivery and poverty, demographic profiles and population dynamics.

##### *Quality of products and services*

Responding appropriately to user needs involves developing comprehensive sampling frames, applying sound methodological practices and using quality administrative data. To improve the quality of its statistics and mitigate the strategic risks that undermine its ability to provide relevant and up-to-date statistical information, Statistics South Africa will focus on managing stakeholder relations, improving the business register, maintaining and updating the household sampling frame, and providing methodological support.

##### *Coordination of statistics and partnerships with stakeholders*

In collaboration with the Presidency's policy coordination and advisory services, Statistics South Africa compiled a compendium of indicators for the government wide monitoring and evaluation framework in 2006/07. This has increased the demand for quality statistical and evidence based information and has resulted in a need for statistical data that allows for disaggregated thematic and geographical analysis. To meet national and international needs for this kind of statistical information, a new approach to statistics is required, including providing better tools for understanding, measuring and monitoring the increasingly complex and fast changing environment.

In line with its mandate, Statistics South Africa will lead South Africa's statistical system by collaborating with stakeholders and providing official statistics. This will involve working in partnership with other organisations to expand and improve the quality and awareness of statistical information available. Statistics South Africa is also responsible for declaring statistical information official, according to set quality criteria.

Over the next three years, Statistics South Africa will be focusing on implementing common standards, definitions and classifications to promote statistical coordination through a national statistics system. Statistics South Africa will continue to improve the accessibility of statistical information and increase its use.

Statistics South Africa will lead the development of the national strategy for the development of statistics by identifying statistical units, implementing common standards, definitions and classifications, and promoting and participating in statistical development in the Southern African Development Community (SADC) countries, the rest of Africa and abroad.

##### *Capacity building*

Building human capacity through a sustainable skills development strategy will address the lack of human resources to produce, disseminate and make use of official statistical information, within and outside Statistics South Africa. Statistics South Africa has compiled a comprehensive statistical skills development framework to improve statistical literacy and engender an enthusiasm for numbers. Over the medium term, Statistics South

Africa will focus on: improving the foundation of statistical literacy at the schools level; establishing partnerships with tertiary institutions; building capacity within Statistics South Africa and the national statistics system; and participating in statistical development initiatives in SADC.

#### *Integrated fieldwork operations*

Fragmented fieldwork operations have resulted in the inefficient use of resources in provinces, and Statistics South Africa has identified the need to integrate and coordinate fieldwork operations across surveys. Permanent fieldworkers were recently appointed for the consumer price index and quarterly labour force surveys, as part of Statistics South Africa's objective to build and retain skills. This intervention will have a positive impact on the quality of data collection for all household surveys, and on developing skills in preparation for Census 2011. The integrated fieldwork strategy will be rolled out over the next three years.

#### *Corporate data processing centre*

Fragmented data processing operations have resulted in the inefficient use of resources across surveys, and Statistics South Africa is establishing a corporate data processing centre to streamline data processing. Key processes and technology will be standardised and projects and surveys scheduled to ensure the best use of resources. Permanent staff will be recruited and trained.

#### *Measuring poverty*

In line with international best practice, the use of an official poverty line has been proposed for South Africa to measure the extent of household poverty and monitor progress in poverty reduction. Statistics South Africa is currently conducting a living conditions survey designed to measure poverty, using a multidimensional approach, and statistical information on South Africa's poverty profile will be released in 2010.

#### *Population Census 2011*

The next population census is planned for October 2011. This census is the most extensive statistical collection that Statistics South Africa undertakes, and any gap in the planning can lead to costly inefficiencies in operations and compromise the validity of the results. A mini test is currently being conducted to test listing, publicity and collection methodologies. The pilot census is planned for October 2009.

## **Selected performance and operations indicators**

**Table 11.1 Statistics South Africa**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of economic sectors reported on each year: quarterly and annual GDP estimates	Economic Statistics	95	34	34	34	34	34	34
Number of economic sectors reported on each year: industry and trade statistics	Economic Statistics	7	7	7	9	9	9	9
Number of economic sectors reported on each year: financial statistics	Economic Statistics	8	8	8	8	8	8	8
Number of commodities price movements collected each year: consumer price index	Economic Statistics	1 500	1 500	1 100	1 110	400	400	400
Number of commodities price movements collected each year: producer price index	Economic Statistics	1 700	1 700	1 700	1 645	912	912	912
Number of industries reported on each year: labour market trends	Population and Social Statistics	8	8	8	8	8	8	8
Number of releases on labour market dynamics each year	Population and Social Statistics	2	2	2	2	4	4	4
Number of releases on changing population profile each year	Population and Social Statistics	12	17	18	18	18	18	18
Number of releases on living conditions survey each year	Population and Social Statistics	–	–	–	–	–	2	–
Total percentage of municipalities demarcated	Statistical Support and Informatics	–	–	–	–	50% (129)	70% (180)	100% (257)
Number of census questionnaires collected during the pilot (2009/10) and the main census (2011/12)	Population and Social Statistics	–	–	–	–	120 000	–	14 400 000



## Expenditure estimates

Table 11.2 Statistics South Africa

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	180.6	274.9	319.6	367.5	367.5	414.2	424.1	519.7
2. Economic Statistics	80.6	99.8	125.6	143.1	143.1	156.6	174.2	180.8
3. Population and Social Statistics	179.7	478.3	282.4	393.0	393.0	620.9	965.8	1 622.8
4. Methodology and Standards	23.7	28.2	32.2	48.4	48.4	57.4	60.3	64.4
5. Statistical Support and Informatics	106.0	141.3	201.0	239.1	239.1	197.2	220.0	199.7
6. Corporate Relations	73.3	74.1	96.2	132.4	132.4	162.4	161.6	170.5
<b>Total</b>	<b>643.9</b>	<b>1 096.6</b>	<b>1 057.0</b>	<b>1 323.4</b>	<b>1 323.4</b>	<b>1 608.6</b>	<b>2 006.0</b>	<b>2 757.8</b>
Change to 2008 Budget estimate				51.2	51.2	(10.8)	13.7	108.8

### Economic classification

<b>Current payments</b>	<b>598.3</b>	<b>1 057.6</b>	<b>1 003.7</b>	<b>1 276.1</b>	<b>1 276.1</b>	<b>1 553.6</b>	<b>1 960.8</b>	<b>2 708.0</b>
Compensation of employees	302.1	414.9	472.0	702.1	702.1	928.9	1 198.2	1 061.9
Goods and services	295.6	641.5	509.3	574.0	574.0	624.7	762.6	1 646.1
<i>of which:</i>								
Administrative fees	2.7	1.2	2.6	163.3	163.3	4.3	5.1	5.5
Advertising	5.0	12.3	13.6	6.2	6.2	17.7	20.0	27.1
Assets less than R5 000	12.0	8.4	13.7	22.1	22.1	6.3	16.3	4.7
Audit costs: External	3.7	4.5	3.8	3.4	3.4	4.7	3.9	4.5
Bursaries (employees)	2.4	3.1	4.5	6.2	6.2	8.5	10.8	10.1
Catering: Departmental activities	0.1	0.2	3.3	1.3	1.3	5.2	5.4	2.3
Communication	19.7	28.3	29.3	24.0	24.0	26.2	31.3	38.8
Computer services	22.7	35.8	59.6	30.7	30.7	63.8	43.9	58.4
Consultants and professional services:	35.6	32.2	37.8	47.6	47.6	19.6	19.7	25.3
Business and advisory services								
Consultants and professional services:	8.8	17.6	15.3	0.2	0.2	1.6	3.6	2.0
Infrastructure and planning								
Consultants and professional services:	0.7	0.6	0.2	2.8	2.8	0.8	1.9	2.0
Legal costs								
Contractors	3.9	49.6	30.5	11.6	11.6	106.2	45.6	56.3
Agency and support / outsourced services	22.7	111.8	20.3	14.7	14.7	23.0	19.1	888.6
Entertainment	0.1	0.1	0.1	0.4	0.4	0.4	0.5	0.5
Inventory: Food and food supplies	0.8	0.3	0.1	–	–	–	–	–
Inventory: Fuel, oil and gas	2.1	8.9	7.9	0.0	0.0	–	–	–
Inventory: Other consumables	1.9	2.6	1.3	1.0	1.0	19.4	2.1	11.9
Inventory: Stationery and printing	14.6	24.4	18.3	18.7	18.7	24.4	177.1	45.2
Lease payments	29.7	32.0	34.3	72.4	72.4	60.6	66.0	143.7
Owned and leasehold property expenditure	8.3	9.9	13.3	2.1	2.1	4.2	5.4	4.5
Travel and subsistence	82.6	210.6	171.1	121.9	121.9	184.7	220.1	196.3
Training and development	2.0	4.5	6.8	4.6	4.6	13.7	18.2	61.7
Operating expenditure	6.3	4.4	5.8	3.2	3.2	10.4	7.7	8.7
Venues and facilities	6.8	37.6	15.6	15.4	15.4	18.5	38.5	47.7
Financial transactions in assets and liabilities	0.7	1.2	22.4	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>1.6</b>	<b>0.8</b>	<b>1.5</b>	<b>2.0</b>	<b>2.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>
Provinces and municipalities	1.0	0.3	–	–	–	–	–	–
Households	0.5	0.5	1.4	1.8	1.8	0.1	0.1	0.0
<b>Payments for capital assets</b>	<b>44.0</b>	<b>38.2</b>	<b>51.8</b>	<b>45.3</b>	<b>45.3</b>	<b>55.0</b>	<b>45.1</b>	<b>49.8</b>
Machinery and equipment	38.6	37.9	47.2	44.3	44.3	54.6	44.4	49.7
Software and other intangible assets	5.5	0.4	4.6	0.9	0.9	0.4	0.7	0.1
<b>Total</b>	<b>643.9</b>	<b>1 096.6</b>	<b>1 057.0</b>	<b>1 323.4</b>	<b>1 323.4</b>	<b>1 608.6</b>	<b>2 006.0</b>	<b>2 757.8</b>

## Expenditure trends

The community, population, labour force, general household, and income and expenditure surveys are Statistics South Africa's key outputs and account for most of its expenditure. Expenditure grew substantially by 70.3 per cent in 2006/07, primarily to provide for the full rollout of the main community survey in February 2007. Expenditure decreased by 3.6 per cent in 2007/08 as the community survey was finalised, evident in the 41 per cent decrease in the *Population and Social Statistics* programme's spending in 2007/08, from R478.3 million to R282.4 million. Funds were provided for the analysis and dissemination of survey results in 2007/08.

The department's budget grows at an average annual rate of 27.7 per cent over the MTEF period, mainly to fund Census 2011 and to appoint additional personnel in support services.

Additional allocations of R32.5 million and R52.6 million have been provided in 2010/11 and 2011/12 for a corporate data processing centre. A further R116 million has been allocated in 2011/12 for new office accommodation. Other allocations over the MTEF period include R20.7 million, R16.5 million and R19 million for salary increases, and inflation related adjustments of R1.4 million, R4.8 million and R7.9 million.

Cost containment measures over the medium term have been identified in compensation of employees and goods and services (R32.9 million, R40.1 million and R86.6 million).

## Departmental receipts

In 2005/06, 9 per cent of departmental receipts were generated from the sale of statistical products like maps and publications. Revenue from these sales decreased in 2006/07 and 2007/08, because the department increased its provision of free statistical data and publications over the internet.

Revenue in 2005/06 also included once-off transactions relating to recovered debts and a refund of R3.1 million from the South African Revenue Service for overestimated tax deducted from payments to fieldworkers on the 2001 census.

Departmental receipts for 2007/08 amounted to R17.7 million, with 5.6 per cent generated from the sale of statistical products and less than 1 per cent from interest. R16.5 million relates to irregular expenditure written off in previous financial years.

Revenue is expected to stabilise at an average annual amount of R2.3 million over the MTEF period.

**Table 11.3 Departmental receipts**

	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
<b>Departmental receipts</b>	<b>8 929</b>	<b>1 545</b>	<b>17 710</b>	<b>2 680</b>	<b>3 237</b>	<b>2 066</b>	<b>2 239</b>	<b>2 462</b>
Sales of goods and services produced by department	804	672	988	1 193	1 075	1 140	1 200	1 320
Sales of scrap, waste, arms and other used current goods	2	52	86	2	2	55	65	71
Interest, dividends and rent on land	56	262	88	180	190	96	110	121
Financial transactions in assets and liabilities	8 067	559	16 548	1 305	1 970	775	864	950
<b>Total</b>	<b>8 929</b>	<b>1 545</b>	<b>17 710</b>	<b>2 680</b>	<b>3 237</b>	<b>2 066</b>	<b>2 239</b>	<b>2 462</b>

## Programme 1: Administration

### Expenditure estimates

Table 11.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Management	20.8	25.9	28.7	23.8	25.8	27.9	29.6
Corporate Services	130.5	216.1	254.1	275.7	319.2	322.4	339.6
National Statistics System	5.2	5.7	6.6	10.2	13.2	14.4	15.5
Office Accommodation	24.1	27.1	30.2	57.8	56.0	59.4	134.9
<b>Total</b>	<b>180.6</b>	<b>274.9</b>	<b>319.6</b>	<b>367.5</b>	<b>414.2</b>	<b>424.1</b>	<b>519.7</b>
Change to 2008 Budget estimate				(23.3)	3.7	(82.1)	(45.3)

#### Economic classification

<b>Current payments</b>	<b>177.0</b>	<b>268.5</b>	<b>313.1</b>	<b>359.0</b>	<b>405.9</b>	<b>410.1</b>	<b>504.5</b>
Compensation of employees	66.5	74.5	90.4	118.9	160.0	171.9	182.9
Goods and services	110.3	192.8	222.4	240.1	245.9	238.2	321.6
<i>of which:</i>							
Administrative fees	1.0	0.6	1.3	1.3	2.2	3.2	4.0
Advertising	4.6	6.6	11.9	5.5	12.9	13.1	14.0
Assets less than R5 000	9.2	6.4	7.4	9.2	2.4	1.8	2.0
Audit costs: External	3.7	4.4	3.7	3.3	3.4	3.6	4.2
Bursaries (employees)	2.4	3.1	4.5	6.2	8.0	7.6	8.8
Catering: Departmental activities	0.0	0.0	1.1	0.8	1.3	0.9	0.8
Communication	4.7	4.7	6.5	4.2	4.1	5.5	5.8
Computer services	0.0	0.3	0.2	2.7	2.4	3.9	3.5
Consultants and professional services: Business and advisory services	3.6	5.8	9.5	8.3	9.8	8.5	7.8
Consultants and professional services: Legal costs	0.7	0.6	0.2	2.8	0.8	1.8	1.9
Contractors	1.7	4.4	9.9	7.9	7.4	7.7	8.3
Agency and support / outsourced services	1.3	4.1	1.3	12.7	5.3	5.1	6.1
Inventory: Other consumables	0.4	0.2	0.2	0.4	0.4	0.4	0.5
Inventory: Stationery and printing	2.1	1.9	1.9	2.9	3.0	3.7	3.6
Lease payments	25.0	27.0	29.0	59.2	57.0	60.6	136.1
Owned and leasehold property expenditure	7.0	7.3	8.9	1.0	1.1	2.6	2.4
Travel and subsistence	35.1	109.3	115.4	104.8	107.1	86.0	87.6
Training and development	2.0	4.5	6.8	4.2	12.9	17.1	20.8
Operating expenditure	4.5	0.4	0.4	0.6	3.0	3.4	1.7
Venues and facilities	1.1	0.7	1.7	1.9	1.5	1.7	1.8
Financial transactions in assets and liabilities	0.1	1.2	0.3	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.2</b>	<b>0.1</b>	<b>0.5</b>	<b>1.8</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.2	0.1	–	–	–	–	–
Non-profit institutions	0.0	0.0	–	0.2	–	–	–
Households	–	0.0	0.5	1.6	–	–	–
<b>Payments for capital assets</b>	<b>3.4</b>	<b>6.3</b>	<b>6.1</b>	<b>6.7</b>	<b>8.3</b>	<b>14.0</b>	<b>15.2</b>
Machinery and equipment	3.4	6.3	6.1	6.7	8.3	14.0	15.2
<b>Total</b>	<b>180.6</b>	<b>274.9</b>	<b>319.6</b>	<b>367.5</b>	<b>414.2</b>	<b>424.1</b>	<b>519.7</b>

### Expenditure trends

Spending grew from R180.6 million to R367.5 million between 2005/06 and 2008/09, at an average annual rate of 26.7 per cent, due to increased personnel in support services.

The programme's budget grows at an average annual rate of 12.2 per cent over the MTEF period, because costs for transport, maintenance and purchasing assets have been centralised in the *Corporate Services* subprogramme. Allocations to the *Corporate Services* subprogramme have also increased to provide for increased personnel in support services.

Spending in the *National Statistical System* subprogramme grew at an average annual rate of 25.2 per cent between 2005/06 and 2008/09 to cater for the intensified role of statistics advocacy, and building and strengthening partnerships in the national statistics system. The budget then increases at a lower average annual rate of 15 per cent over the MTEF period to further increase capacity.

Over the medium term, the *Office Accommodation* subprogramme receives additional allocations of R33.1 million, R36.4 million and R38.7 million for renting permanent and temporary regional office accommodation to prepare for Census 2011. R116 million is allocated in 2011/12 for new office accommodation for the department.

## Programme 2: Economic Statistics

- *Management*.
- *Short Term Indicators* provides information on turnover and volumes in various economic sectors on a monthly and quarterly basis.
- *Large Sample Surveys* provides information on turnover and volumes in various economic sectors periodically.
- *Producer Price Index and Labour Statistics* provides information on the producer price index and on employment levels in the formal non-agricultural sector.
- *Consumer Price Index* provides information on the level of inflation by producing various consumer price indices.
- *Government Accounts and Financial Statistics* tracks public sector spending and the financial performance of private sector organisations.
- *National Accounts* produces GDP data and other integrative statistical products.

Funding in all subprogrammes is distributed according to the various economic surveys. The main cost drivers are remuneration, travel and communication.

## Objectives and measures

- Inform economic decision making by providing accurate, relevant and timely economic statistical information through the application of internationally acclaimed practices, specifically by publishing:
  - quarterly GDP and annual regional GDP estimates providing information on 10 sectors of the economy
  - statistical releases on employment and earnings, industry and trade, and financial information.
- Inform inflation targeting and price stability by providing accurate, relevant and timely information on price changes in the economy through the application of internationally acclaimed practices, specifically by publishing:
  - monthly statistical releases on the consumer price index, covering 400 products
  - monthly statistical releases on the producer price index, covering 912 products.

## Service delivery and spending focus

Statistics South Africa produces monthly, quarterly and annual financial statistics on industry and trade, prices and employment according to set targets defined by the special data dissemination standard requirements.

In 2008/09, Statistics South Africa implemented new price releases. A comprehensive overhaul of both the consumer price index and the producer price index surveys has resulted in a number of complex changes, including to methodologies, products and prices, weights and collection processes. While the refined producer price index has been implemented, 2008/09 is a critical year for implementing the consumer price index. The

next significant improvement in the consumer price index will be reweighting the basket of goods, which will be finalised and published by February 2009.

Results of the 2005/06 income and expenditure survey were released in March 2008, although this had been planned for November 2007.

The quarterly GDP estimates, reporting on 10 sectors of the economy, were released on schedule.

The producer price index for February 2008 was based on an updated set of weights. The updates are consistent with international best practice and bring more consistency between this index and the system of national accounts. The reweighted index (using February data) was published in March 2008.

## Expenditure estimates

**Table 11.5 Economic Statistics**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	–	0.8	4.1	1.9	1.9	2.6	2.7
Short Term Indicators	15.3	19.0	16.9	21.8	24.1	26.5	30.4
Large Sample Surveys	8.2	9.3	22.6	23.9	21.7	24.0	23.5
Producer Price Index and Labour Statistics	16.5	15.6	16.9	21.0	27.4	31.4	33.1
Consumer Price Index	18.1	27.1	34.9	38.9	41.3	44.7	45.5
Government Accounts and Financial Statistics	16.2	20.7	22.6	25.3	28.4	31.2	31.0
National Accounts	6.3	7.4	7.5	10.2	11.8	13.9	14.6
<b>Total</b>	<b>80.6</b>	<b>99.8</b>	<b>125.6</b>	<b>143.1</b>	<b>156.6</b>	<b>174.2</b>	<b>180.8</b>
Change to 2008 Budget estimate				1.3	6.4	6.5	(7.1)
<b>Economic classification</b>							
<b>Current payments</b>	<b>80.2</b>	<b>99.7</b>	<b>125.6</b>	<b>143.1</b>	<b>156.5</b>	<b>174.2</b>	<b>180.7</b>
Compensation of employees	66.1	83.2	105.5	120.2	136.9	148.0	154.5
Goods and services	14.1	16.6	17.9	22.8	19.6	26.1	26.2
of which:							
Administrative fees	0.1	0.1	–	0.6	–	–	–
Advertising	0.0	0.0	0.1	0.5	0.3	0.7	1.2
Communication	4.6	4.4	5.0	6.2	4.1	3.7	4.1
Computer services	0.1	0.8	–	0.1	0.0	0.0	0.0
Consultants and professional services: Business and advisory services	0.4	0.3	0.3	3.5	1.0	1.9	5.8
Contractors	0.1	0.0	0.1	0.0	0.4	0.4	0.5
Agency and support / outsourced services	0.0	0.9	0.5	0.0	1.2	4.5	3.7
Inventory: Stationery and printing	2.0	1.9	2.4	2.7	2.6	4.1	2.4
Lease payments	0.6	0.9	0.8	0.8	0.6	0.5	0.4
Travel and subsistence	4.7	5.3	6.4	5.6	7.5	7.3	6.0
Operating expenditure	0.3	0.6	0.6	0.8	0.5	0.6	0.5
Venues and facilities	0.9	1.2	1.1	1.3	0.7	1.4	0.7
Financial transactions in assets and liabilities	–	–	2.2	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.3</b>	<b>0.1</b>	<b>–</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>
Provinces and municipalities	0.2	0.1	–	–	–	–	–
Households	0.1	0.0	–	0.0	0.0	0.0	–
<b>Payments for capital assets</b>	<b>0.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Machinery and equipment	0.1	–	–	–	0.1	0.1	0.1
<b>Total</b>	<b>80.6</b>	<b>99.8</b>	<b>125.6</b>	<b>143.1</b>	<b>156.6</b>	<b>174.2</b>	<b>180.8</b>

## Expenditure trends

Spending in this programme grew from R80.6 million in 2005/06 to R143.1 million in 2008/09, an average annual rate of 21.1 per cent, mainly because the department increased its personnel capacity to generate a range of economic statistics. Total expenditure increased in 2007/08 and 2008/09, as a 37 per cent service benefit for contract staff was implemented.

The rollout of the direct price collection methodology for calculating the consumer price index to metropolitan areas in all provinces increased spending by 49.3 per cent in the *Consumer Price Index* subprogramme in 2006/07.

## Programme 3: Population and Social Statistics

- *Management.*
- *Population Census and Statistics* plans, analyses and disseminates population statistics collected through the census and surveys. The next population census, scheduled for 2011, will also provide information on a wide range of population and demographic themes at municipal level.
- *Health and Vital Statistics* publishes statistics on births, deaths, marriages, divorces, tourism and migration, all based on administrative records.
- *Social Statistics* provides information on living conditions and tourism through the general household and tourism surveys.
- *Demographic and Social Analysis* collates and analyses data from census, survey and administrative data, generates a knowledge base on social and population themes, and compiles mid-year population estimates.
- *Surveys Monitoring and Evaluation* monitors and assures the quality of the field operations of the household surveys and censuses.
- *Household Labour Market Statistics* provides information on labour market trends through the labour force survey.
- *Poverty Survey* provides information on poverty levels and income and expenditure trends.
- *Survey Operations* collects and processes information required by Statistics South Africa through household surveys and censuses, using an integrated strategy for field operations. This is a new subprogramme, funded by shifts within the programme.

Funding in all subprogrammes is distributed according to the various population and social surveys. The main cost drivers are remuneration, travel, processing, equipment and communication.

## Objectives and measures

- Inform social and economic development by:
  - producing statistical information on the labour market, vital registrations, living conditions, demographic trends and service delivery
  - conducting a population census in 2011.

## Service delivery and spending focus

The community survey of February 2007 collected information from approximately 280 000 households across the country over 4 weeks. The results were released in October 2007. The Key Municipal Data report was published in March 2008.

The re-engineering of the labour force survey was finalised. First results of the new quarterly labour force survey were released in August 2008.

The living conditions survey was piloted in November 2007, and data collection for the main survey started in September 2008. The results will be published in 2010.

## Expenditure estimates

Table 11.6 Population and Social Statistics

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	0.6	1.9	4.9	3.8	3.8	4.0	4.3
Population Census and Statistics	49.6	89.8	39.0	73.4	78.6	69.2	105.3
Health and Vital Statistics	10.9	9.5	12.0	17.8	19.7	20.9	22.2
Social Statistics	7.8	7.8	7.0	22.2	12.9	13.8	14.9
Demographic and Social Analysis	4.0	4.4	4.7	7.3	9.5	10.1	10.5
Surveys Monitoring and Evaluation	0.0	0.1	1.0	0.7	0.8	1.0	1.0
Household Labour Market Statistics	–	27.0	85.4	13.8	13.5	11.6	12.1
Poverty Survey	49.5	45.4	15.6	123.3	115.4	112.6	116.4
Survey Operations	57.3	292.4	112.7	130.7	366.7	722.7	1 336.1
<b>Total</b>	<b>179.7</b>	<b>478.3</b>	<b>282.4</b>	<b>393.0</b>	<b>620.9</b>	<b>965.8</b>	<b>1 622.8</b>
Change to 2008 Budget estimate				51.1	33.1	187.2	283.6

## Economic classification

<b>Current payments</b>	<b>178.3</b>	<b>478.0</b>	<b>282.1</b>	<b>392.1</b>	<b>597.4</b>	<b>961.9</b>	<b>1 614.9</b>
Compensation of employees	72.1	161.8	150.6	231.8	337.5	596.4	454.2
Goods and services	105.6	316.2	112.0	160.4	259.8	365.5	1 160.6
<i>of which:</i>							
Administrative fees	1.5	0.3	1.1	155.3	0.9	0.3	0.7
Advertising	0.1	5.5	0.6	–	3.0	4.9	10.3
Assets less than R5 000	0.3	0.6	1.1	7.8	1.4	0.8	2.0
Bursaries (employees)	–	–	–	–	0.5	3.1	1.3
Catering: Departmental activities	0.1	0.2	1.4	–	2.0	3.8	0.8
Communication	3.1	8.4	5.6	–	10.4	14.3	20.9
Computer services	5.2	4.0	1.6	(7.6)	23.1	9.4	11.2
Consultants and professional services: Business and advisory services	25.9	22.0	20.3	0.1	4.9	3.2	3.8
Consultants and professional services: Infrastructure and planning	0.4	7.1	–	–	1.6	1.1	–
Contractors	0.4	21.6	1.0	–	89.6	6.7	14.4
Agency and support / outsourced services	18.4	103.9	17.3	–	14.5	7.2	876.2
Inventory: Food and food supplies	0.8	0.2	0.1	–	–	–	–
Inventory: Fuel, oil and gas	2.0	8.9	7.4	–	–	–	–
Inventory: Other consumables	1.3	1.8	0.3	(0.0)	18.4	1.4	11.1
Inventory: Stationery and printing	3.7	8.6	3.3	–	8.4	158.7	28.6
Lease payments	1.1	1.9	1.1	0.4	1.4	0.6	2.7
Owned and leasehold property expenditure	0.2	1.0	0.6	–	1.5	1.2	0.8
Travel and subsistence	36.7	83.6	36.1	4.4	58.0	117.3	89.6
Training and development	–	–	0.0	–	0.6	0.9	40.7
Operating expenditure	0.7	2.3	3.6	–	5.5	2.2	4.9
Venues and facilities	3.4	34.0	9.1	–	13.8	28.3	40.5
Financial transactions in assets and liabilities	0.6	–	19.5	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.3</b>	<b>0.3</b>	<b>0.1</b>	<b>0.2</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.3	0.1	–	–	–	–	–
Non-profit institutions	–	–	0.1	–	–	–	–
Households	0.0	0.2	0.1	0.2	–	–	–
<b>Payments for capital assets</b>	<b>1.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.7</b>	<b>23.6</b>	<b>4.0</b>	<b>7.9</b>
Machinery and equipment	1.1	0.0	0.1	0.7	23.1	4.0	7.9
Software and other intangible assets	–	–	–	–	0.4	–	–
<b>Total</b>	<b>179.7</b>	<b>478.3</b>	<b>282.4</b>	<b>393.0</b>	<b>620.9</b>	<b>965.8</b>	<b>1 622.8</b>



## Expenditure trends

Spending in this programme fluctuates as not all surveys are undertaken every year. It increased from R179.7 million in 2005/06 to R478.3 million in 2006/07 to provide for the community survey that was conducted in 2005/06 and 2006/07, and which replaced the population census that would have been conducted in 2006/07. Spending in 2007/08 decreased because the community survey had ended.

Expenditure in the *Survey Operations* subprogramme increased from R57.3 million in 2005/06 to R292.4 million in 2006/07 for the community survey. Expenditure decreased by 61.4 per cent in 2007/08 when the survey was concluded and funding was only necessary for processing, analysing and disseminating the results. Over the MTEF period, the budget for this subprogramme increases at an average annual rate of 117 per cent in preparation for the population census in October 2011. The main increases are in travel costs, agency services, contractors, printing and venues rental.

The budget for the *Health and Vital Statistics* subprogramme increased at an average annual rate of 17.7 per cent between 2005/06 and 2008/09 to provide for a project that supplies information on mortality and the causes of death, to be used for policy development. Spending on this subprogramme stabilises over the MTEF period to an average annual rate of 7.6 per cent.

## Programme 4: Methodology and Standards

- *Management*.
- *Methodology and Audit* provides technical expertise on methodologies for producing official statistics.
- *Survey Standards* develops standards, classifications and definitions for publishing official statistics.
- *Business Frames* maintains and improves the sampling frame for economic statistics.

Funding is used for developing frames for economic surveys. The main cost driver is remuneration.

## Objectives and measures

- Improve the comparability and accuracy of statistical information by reviewing and auditing methodological compliance in survey areas, and applying appropriate quality criteria, standards, classifications and procedures.
- Ensure accurate and reliable statistical information by drawing annual samples for all economic surveys based on a sound business sampling frame.

## Service delivery and spending focus

In 2007/08, a framework for auditing statistical quality against set standards was developed. Various independent reviews have been conducted on the community survey to make the results more comparable and accurate. Methodological reviews of imputation and weighting have been conducted in the quarterly labour force survey to make labour market trends more accurate and reliable.

Recommendations from the strategic review of the business register are being implemented. They focus on optimising the use of administrative data, revising the conceptual framework, assessing the system, re-engineering the survey frames and improving manuals and procedures.

## Expenditure estimates

**Table 11.7 Methodology and Standards**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	1.2	1.6	1.6	1.8	2.0	2.2	2.2
Methodology and Audit	11.0	16.0	19.0	27.1	31.0	32.6	34.6
Survey Standards	2.2	1.7	1.0	1.7	2.6	2.8	2.9
Business Frames	9.4	9.0	10.5	17.8	21.8	22.8	24.7
<b>Total</b>	<b>23.7</b>	<b>28.2</b>	<b>32.2</b>	<b>48.4</b>	<b>57.4</b>	<b>60.3</b>	<b>64.4</b>
Change to 2008 Budget estimate				4.0	11.4	11.6	9.9



Table 11.7 Methodology and Standards (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>23.5</b>	<b>28.0</b>	<b>32.1</b>	<b>48.4</b>	<b>57.4</b>	<b>60.2</b>	<b>64.4</b>
Compensation of employees	19.9	21.7	27.4	37.3	45.7	48.4	51.3
Goods and services	3.6	6.4	4.7	11.1	11.7	11.8	13.1
of which:							
Administrative fees	–	0.0	0.0	0.3	0.8	0.8	0.8
Communication	0.6	0.6	0.9	1.2	2.1	2.2	2.2
Consultants and professional services: Business and advisory services	0.2	1.5	1.9	2.7	0.9	1.0	1.0
Contractors	0.0	0.8	0.0	0.0	0.3	0.1	0.3
Agency and support / outsourced services	1.6	–	0.1	1.8	1.5	2.0	2.4
Inventory: Stationery and printing	0.2	0.3	0.3	0.5	0.9	0.9	0.9
Travel and subsistence	0.8	2.1	1.0	3.0	3.8	3.2	3.8
Operating expenditure	0.0	0.2	0.1	0.1	0.5	0.5	0.5
Venues and facilities	0.1	0.6	0.1	0.1	0.2	0.3	0.3
<b>Transfers and subsidies</b>	<b>0.2</b>	<b>0.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.0</b>	<b>–</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Households	0.2	0.1	–	–	–	0.0	–
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	0.0	0.1	0.0	–	–	–	–
<b>Total</b>	<b>23.7</b>	<b>28.2</b>	<b>32.2</b>	<b>48.4</b>	<b>57.4</b>	<b>60.3</b>	<b>64.4</b>

## Expenditure trends

Spending increased at an average annual rate of 26.8 per cent between 2005/06 and 2008/09, catering mainly for analysis, expert consultations and auditing methodological standards.

Expenditure in the *Methodology and Audit* subprogramme increased significantly at an average annual rate of 35.2 per cent between 2005/06 and 2008/09. Lower average annual growth of 8.5 per cent is expected over the MTEF period.

Spending on the *Survey Standards* subprogramme decreases at an average annual rate of 7.4 per cent between 2005/06 and 2008/09. The expected rise in spending over the medium term, at an average annual rate of 19.5 per cent, is associated with the increase in the number of surveys conducted by Statistics South Africa.

Expenditure on the *Business Frames* subprogramme increased at an average annual rate of 23.7 per cent between 2005/06 and 2008/09 for maintenance of the business sampling frame and conducting a quality improvement survey. Spending over the MTEF period is set to increase at an average annual rate of 11.5 per cent.

## Programme 5: Statistical Support and Informatics

- *Management*.
- *Geographic Services* provides a mapping and information service to the department and other users.
- *Geographical Frames* provides a sampling frame for the household surveys and censuses.
- *Publication Services* provides editing, publishing and distribution services to survey areas.
- *Data Management and Technology* provides technology infrastructure for the department and supports data management across statistical series.

Funding is used for developing frames for social surveys. The main cost drivers are IT and equipment.

## Objectives and measures

- Ensure a reliable sampling frame for household surveys by updating 60 per cent of the spatial frame and database by March 2010.

- Ensure accurate, transparent, reliable and relevant official statistics by implementing standardised metadata for 90 per cent of statistical products in the statistical data management facility by March 2010.
- Support the production of official statistics by:
  - stabilising and upgrading ICT infrastructure, including upgrading the storage area network and implementing disaster recovery by March 2010
  - continuously ensuring 90 per cent network availability.

## Service delivery and spending focus

The first two phases of the end-to-end statistical data management facility were completed in 2008/09: the survey metadata capture tool, which streamlines survey processes, was developed, as were tools for registering concepts, variables and classifications.

Statistics South Africa compiled and published a South African statistical quality assessment framework in 2008/09. This document will be used in Statistics South Africa and the national statistics system to certify statistics as official.

## Expenditure estimates

**Table 11.8 Statistical Support and Informatics**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	1.2	1.4	1.8	1.6	2.0	2.1	2.2
Geographic Services	8.2	11.7	36.2	16.0	23.1	53.3	56.1
Geographical Frames	7.2	29.7	29.2	99.6	68.4	46.3	20.3
Publication Services	9.0	8.3	10.8	29.1	15.1	18.7	19.5
Data Management and Technology	80.4	90.2	123.0	92.7	88.6	99.6	101.6
<b>Total</b>	<b>106.0</b>	<b>141.3</b>	<b>201.0</b>	<b>239.1</b>	<b>197.2</b>	<b>220.0</b>	<b>199.7</b>
Change to 2008 Budget estimate				11.7	(64.0)	(112.8)	(125.5)

### Economic classification

<b>Current payments</b>	<b>66.6</b>	<b>109.5</b>	<b>154.9</b>	<b>201.2</b>	<b>174.3</b>	<b>192.8</b>	<b>173.1</b>
Compensation of employees	21.8	26.5	38.3	93.1	116.2	93.3	70.4
Goods and services	44.8	83.0	116.5	108.1	58.2	99.5	102.7
of which:							
Administrative fees	0.0	–	0.0	5.3	0.0	0.0	0.0
Assets less than R5 000	2.3	1.1	3.5	3.4	1.5	13.3	0.3
Audit costs: External	0.0	0.1	0.1	0.1	0.5	0.3	0.3
Communication	1.9	1.8	1.6	2.3	2.8	2.6	2.6
Computer services	17.4	30.2	57.7	34.5	37.5	29.9	43.0
Consultants and professional services: Business and advisory services	4.2	1.4	5.1	27.5	2.0	5.1	6.1
Consultants and professional services: Infrastructure and planning	8.4	10.5	15.3	–	–	2.5	2.0
Contractors	0.4	22.0	18.7	0.0	0.9	30.6	32.8
Agency and support / outsourced services	0.9	2.4	1.0	–	0.0	–	–
Inventory: Stationery and printing	6.1	10.6	9.2	11.8	8.3	9.0	9.1
Lease payments	1.9	0.8	0.9	9.4	–	2.2	2.4
Travel and subsistence	1.0	1.6	2.7	0.5	3.3	2.7	2.8
Operating expenditure	0.2	0.1	0.2	0.8	0.4	0.3	0.2
Venues and facilities	0.1	0.3	0.1	11.8	0.1	0.2	0.2
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.0</b>	<b>0.6</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Households	–	–	0.6	0.0	–	–	–
<b>Payments for capital assets</b>	<b>39.3</b>	<b>31.8</b>	<b>45.5</b>	<b>37.9</b>	<b>22.9</b>	<b>27.1</b>	<b>26.6</b>
Machinery and equipment	33.8	31.4	40.9	37.0	22.8	26.4	26.5
Software and other intangible assets	5.5	0.4	4.6	0.9	0.0	0.7	0.1
<b>Total</b>	<b>106.0</b>	<b>141.3</b>	<b>201.0</b>	<b>239.1</b>	<b>197.2</b>	<b>220.0</b>	<b>199.7</b>

## Expenditure trends

Spending in the *Statistical Support and Informatics* programme increased at an average annual rate of 31.2 per cent between 2005/06 and 2008/09, mainly due to allocations for the dwelling frame address database. Between 2008/09 and 2011/12, the budget for the programme decreases at an average annual rate of 5.8 per cent as the dwelling frame will be completed and will only be maintained annually from 2011.

Expenditure in the *Geographic Services* subprogramme increased by R24.5 million between 2006/07 and 2007/08, as R19.9 million was rolled over for unpaid commitments for acquiring satellite imagery from various service providers.

Spending in the *Geographical Frames* subprogramme increases from R29.2 million in 2007/08 to R99.6 million in 2008/09 for establishing the dwelling frame database. Spending decreases to R68.4 million in 2009/10 as funding is only required for maintaining the database.

Spending in the *Publication Services* subprogramme increases from R10.8 million in 2007/08 to R29.1 million in 2008/09 because publishing has been centralised in this subprogramme and the demand for services is projected to increase in later years.

Spending in the *Data Management and Technology* subprogramme increased at an average annual rate of 4.9 per cent between 2005/06 and 2008/09 as all funding for purchasing computer equipment, software and software licences has been centralised in this subprogramme. The budget for the subprogramme grows at an average annual rate of 3.1 per cent over the MTEF period.

## Programme 6: Corporate Relations

- *Management*.
- *International Relations* manages relations with international statistical agencies.
- *Provincial Offices* provides provincial capacity to support the collection and use of official statistics.
- *Stakeholder Relations Management* maintains relations with stakeholders across the country.

Funding is distributed to provide support for all social surveys. The main cost drivers are remuneration and communication.

## Objectives and measures

- Increase awareness and use of official statistics by managing, maintaining and improving stakeholder relations by, among others:
  - conducting stakeholder workshops in all 9 provinces to inform and consult with stakeholders on statistical products
  - improving website visitor sessions by 10 per cent per year.
- Provide ongoing training and technical support to provincial and local stakeholders on collecting data and disseminating quality statistics.
- Ensure alignment with international standards, best practice and statistical skills development by increasing participation, sharing and learning in international statistical initiatives.

## Service delivery and spending focus

Website visitor sessions increased by 204 per cent in 2007/08.

To prepare for the International Statistics Institute conference to be hosted by Statistics South Africa in August 2009, the ISIBalo capacity building programme and the ISIBane social responsibility programme were launched. ISIBalo is a flagship collaborative programme with the International Statistics Institute intended to improve and develop statistical capacity in Africa. ISIBane is a social responsibility programme that aims to improve mathematics and statistics education at the schools level.

Statistics South Africa hosted the first Africa Conference of Young Statisticians in July 2008, which gave young Africans in statistics and related fields the opportunity to take part in an international conference, preparing them for the International Statistics Institute conference in 2009.

## Expenditure estimates

**Table 11.9 Corporate Relations**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	0.2	1.4	3.5	2.7	11.5	14.2	15.2
International Relations	5.2	8.2	14.3	9.3	24.1	13.2	13.9
Provincial Offices	62.3	58.5	71.4	110.8	115.4	122.3	129.2
Stakeholder Relations Management	5.7	6.0	7.0	9.6	11.4	11.9	12.2
<b>Total</b>	<b>73.3</b>	<b>74.1</b>	<b>96.2</b>	<b>132.4</b>	<b>162.4</b>	<b>161.6</b>	<b>170.5</b>
Change to 2008 Budget estimate				6.4	(1.4)	3.3	(6.7)

### Economic classification

<b>Current payments</b>	<b>72.8</b>	<b>73.8</b>	<b>95.9</b>	<b>132.3</b>	<b>162.1</b>	<b>161.5</b>	<b>170.4</b>
Compensation of employees	55.6	47.2	59.9	100.8	132.7	140.0	148.6
Goods and services	17.2	26.6	35.8	31.5	29.4	21.5	21.8
<i>of which:</i>							
Administrative fees	0.1	0.1	0.0	0.5	0.5	1.0	0.0
Advertising	0.3	0.2	0.9	0.1	1.5	1.3	1.6
Assets less than R5 000	0.2	0.1	1.3	1.2	0.5	0.0	0.0
Audit costs: External	–	–	–	–	0.8	–	–
Catering: Departmental activities	0.0	0.1	0.4	0.1	1.3	0.0	0.0
Communication	4.8	8.4	9.6	10.1	2.8	3.1	3.2
Computer services	–	0.3	–	0.7	0.7	0.6	0.6
Consultants and professional services: Business and advisory services	1.3	1.1	0.7	5.5	1.1	–	0.8
Contractors	1.2	0.8	0.8	3.6	7.5	–	–
Agency and support / outsourced services	0.4	0.5	0.2	0.1	0.5	0.2	0.2
Inventory: Other consumables	0.1	0.5	0.3	0.3	0.2	0.0	0.0
Inventory: Stationery and printing	0.6	1.0	1.0	0.9	1.1	0.6	0.6
Lease payments	1.0	1.3	2.4	2.4	1.4	2.0	1.8
Owned and leasehold property expenditure	1.0	1.6	3.9	1.1	1.7	1.6	1.4
Travel and subsistence	4.4	8.8	9.6	3.6	5.1	3.6	6.5
Operating expenditure	0.5	0.8	1.0	0.8	0.6	0.8	0.9
Venues and facilities	1.2	0.8	3.6	0.4	2.1	6.7	4.2
Financial transactions in assets and liabilities	–	–	0.3	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Provinces and municipalities	0.2	0.0	–	–	–	–	–
Non-profit institutions	0.1	0.1	0.1	–	–	–	–
Households	0.2	0.2	0.2	0.0	0.0	0.0	0.0
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>–</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>
Machinery and equipment	0.1	0.1	0.0	–	0.2	0.0	0.0
<b>Total</b>	<b>73.3</b>	<b>74.1</b>	<b>96.2</b>	<b>132.4</b>	<b>162.4</b>	<b>161.6</b>	<b>170.5</b>

## Expenditure trends

Spending in this programme grew at an average annual rate of 21.8 per cent between 2005/06 and 2008/09 as regional and district offices were established in preparation for Census 2011. It is set to grow at an average annual rate of 8.8 per cent over the MTEF period.

The hosting of the International Statistical Institute conference increases spending in the *International Relations* subprogramme from R9.3 million in 2008/09 to R24.1 million in 2009/10. Spending then decreases by 45.2 per cent in 2010/11 as the conference will be over.

Spending in the *Provincial Offices* subprogramme increases at an average annual rate of 5.3 per cent over the MTEF period to build capacity and infrastructure at provincial and regional offices in preparation for Census 2011.

Expenditure in the *Stakeholder Relations Management* subprogramme increased at an average annual rate of 18.9 per cent between 2005/06 and 2008/09 to facilitate increased stakeholder involvement, with a focus on the regional community level. Expenditure stabilises over the MTEF period, increasing at an average annual rate of 8.4 per cent.

## Additional tables

**Table 11.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	204.6	311.7	319.6	390.9	(23.4)	367.5	367.5
2. Economic Statistics	147.0	142.6	125.6	141.8	1.3	143.1	143.1
3. Population and Social Statistics	436.0	397.4	282.4	341.8	51.1	393.0	393.0
4. Methodology and Standards	50.1	56.1	32.2	44.4	4.0	48.4	48.4
5. Statistical Support and Informatics	152.1	249.4	201.0	227.4	11.7	239.1	239.1
6. Corporate Relations	110.5	–	96.2	125.9	6.5	132.4	132.4
<b>Total</b>	<b>1 100.3</b>	<b>1 157.3</b>	<b>1 057.0</b>	<b>1 272.2</b>	<b>51.2</b>	<b>1 323.4</b>	<b>1 323.4</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 076.8</b>	<b>1 101.3</b>	<b>1 003.7</b>	<b>1 247.9</b>	<b>28.2</b>	<b>1 276.1</b>	<b>1 276.1</b>
Compensation of employees	565.3	498.1	472.0	714.3	(12.1)	702.1	702.1
Goods and services	511.5	603.2	509.3	533.7	40.3	574.0	574.0
Financial transactions in assets and liabilities	–	–	22.4	–	–	–	–
<b>Transfers and subsidies</b>	<b>1.2</b>	<b>1.3</b>	<b>1.5</b>	<b>0.1</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>
Non-profit institutions	–	0.1	0.1	–	0.2	0.2	0.2
Households	1.2	1.2	1.4	0.1	1.8	1.8	1.8
<b>Payments for capital assets</b>	<b>22.4</b>	<b>54.6</b>	<b>51.8</b>	<b>24.2</b>	<b>21.0</b>	<b>45.3</b>	<b>45.3</b>
Machinery and equipment	20.9	45.8	47.2	23.3	21.0	44.3	44.3
Software and intangible assets	1.4	8.9	4.6	0.9	–	0.9	0.9
<b>Total</b>	<b>1 100.3</b>	<b>1 157.3</b>	<b>1 057.0</b>	<b>1 272.2</b>	<b>51.2</b>	<b>1 323.4</b>	<b>1 323.4</b>

**Table 11.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	302.1	413.4	470.2	700.2	921.2	1 190.0	1 050.9
Unit cost (R million)	0.3	0.3	0.2	0.2	0.3	0.3	0.3
Personnel numbers (head count)	1 208	1 518	2 297	2 847	2 838	4 424	3 824
<b>Interns</b>							
Compensation of interns (R million)	–	1.5	1.9	1.9	7.7	8.2	11.0
Unit cost (R million)	–	0.1	0.1	0.1	0.1	0.1	0.2
Number of interns	–	16	16	30	55	55	55
<b>Total for department</b>							
<b>Compensation (R million)</b>	302.1	414.9	472.0	702.1	928.9	1 198.2	1 061.9
<b>Unit cost (R million)</b>	0.3	0.3	0.2	0.2	0.3	0.3	0.3
<b>Personnel numbers (head count)</b>	1 208	1 534	2 313	2 877	2 893	4 479	3 879

**Table 11.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	302.1	414.9	472.0	702.1	928.9	1 198.2	1 061.9
Training expenditure (R million)	4.6	7.7	11.9	10.1	21.9	28.6	71.5
Training as percentage of compensation	1.5%	1.9%	2.5%	1.4%	2.4%	2.4%	6.7%
<i>of which:</i>							
Households receiving bursaries (R million)	–	–	0.5	–	–	–	–

Table 11.D Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic Classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
<b>Foreign</b>												
<b>In cash</b>												
Swedish International Development Cooperation Agency, Canadian International Development Agency, United Kingdom Department for International Development	Institutional support programme	Population and Social Statistics	16 343	Goods and services	Developing capacity for poverty research and analysis	1 936	4 116	4 282	3 778	1 594	—	—
<b>Local</b>												
<b>In cash</b>												
Department of Agriculture	Agricultural census and agricultural sample survey	Economic Statistics	15 000	Compensation of employees	Statistical releases on the agricultural census and surveys	826	349	489	—	—	—	—
Department of Agriculture	Agricultural census and agricultural sample survey	Economic Statistics	4 061	Goods and services	Agricultural census and survey statistics published	1 058	1 803	3 029	—	—	—	—
<b>Total</b>			<b>35 404</b>			<b>3 820</b>	<b>6 268</b>	<b>7 800</b>	<b>3 778</b>	<b>1 594</b>	<b>—</b>	<b>—</b>

# Vote 12

## Arts and Culture

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	129.5	126.2	–	3.2	140.4	167.6
Arts and Culture in Society	375.6	18.3	357.0	0.3	316.5	339.7
National Language Service	106.0	50.4	54.7	0.9	111.4	107.0
Cultural Development and International Cooperation	224.1	30.6	193.0	0.5	236.7	237.7
Heritage Promotion	1 214.2	24.3	1 189.4	0.4	993.8	920.8
National Archives, Records, Libraries and Heraldic Services	574.2	58.6	514.8	0.8	636.2	675.9
<b>Total expenditure estimates</b>	<b>2 623.5</b>	<b>308.4</b>	<b>2 309.0</b>	<b>6.0</b>	<b>2 435.1</b>	<b>2 448.6</b>
Executive authority	Minister of Arts and Culture					
Accounting officer	Director-General of Arts and Culture					
Website address	www.dac.gov.za					

### Aim

*The aim of the Department of Arts and Culture is to develop and preserve South African arts and culture to ensure social cohesion and nation building.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Conduct the overall management of the department and provide centralised support services.

#### Programme 2: Arts and Culture in Society

**Purpose:** Develop and promote arts and culture in South Africa and mainstream its role in social development.

#### Programme 3: National Language Service

**Purpose:** Develop and promote the official languages of South Africa and enhance the linguistic diversity of the country.

#### Programme 4: Cultural Development and International Cooperation

**Purpose:** Provide economic and other development opportunities for South African arts and culture, nationally and globally, through mutually beneficial partnerships, thereby ensuring the sustainability of the sector.

#### Programme 5: Heritage Promotion

**Purpose:** Provide policy, legislation and strategic direction for identifying, conserving and promoting cultural heritage.



## **Programme 6: National Archives, Records, Libraries and Heraldic Services**

**Purpose:** Facilitate full and open access to the archival, heraldic and information resources of South Africa.

### **Strategic overview: 2005/06 – 2011/12**

The Department of Arts and Culture is responsible for transforming South Africa's arts, culture and heritage landscape to serve South Africa's wide artistic and cultural needs and contribute to growth, employment, poverty alleviation, national reconciliation, nation building and social cohesion.

#### **Strategic and operational objectives**

##### *Promoting arts and culture for social cohesion*

The department will continue to support government's social cohesion implementation framework by intensifying existing programmes that encourage social cohesion and nation building, such as youth into arts, youth in dialogue, access to the arts, and arts and culture for human settlements. It will also support the development of new programmes. National days, such as Women's Day and Youth Day, will continue to be used as platforms to celebrate the social, cultural and economic advancement of vulnerable groups.

As part of its mandate to preserve South Africa's cultural heritage and pass on the knowledge held by the various arts and culture institutions, the department supports youth focused entities such as Jazz for Juniors, which actively promotes the history and appreciation of the South African jazz heritage, from kwela and marabi to kwai jazz.

##### *Supporting the cultural industries*

The department acknowledges the economic potential of the cultural industries for job creation, poverty reduction, skills transfer, small business development and broad based black economic empowerment (BEE). Through its investing in culture programme, the department aims to provide empowerment opportunities for unemployed people through skills development, training, and job creation in the arts, culture and heritage sector by generating opportunities for establishing viable small and medium enterprises.

In relation to the film industry, the department encourages the development of local content and supports the National Film and Video Foundation. Funds are allocated to the foundation for training, skills development, growing the audience base in townships and strengthening South Africa's international presence.

##### *Promoting linguistic diversity*

The department continues to promote linguistic diversity and develop official languages as required by the Constitution and the national language policy framework. The framework, implemented since 2003, has provided direction for language planning, translation and editing, terminology development and human language technologies.

##### *Transforming the heritage sector*

Over the medium term, the department will develop a national framework that will encompass a funding and grading system for statutory heritage institutions. The planned national museum policy will ensure that funding to heritage institutions is objectively based on the sector's current and future strategic needs.

The department will also develop a national policy on intangible cultural heritage, which will provide a comprehensive framework to safeguard and promote intangible cultural heritage in South Africa.

The South African Geographical Names Council, established in 1998 to advise the Minister for Arts and Culture on standardising place names, is currently conducting national hearings to get inputs from the public on the sensitive and important policy for changing names. The hearings are expected to be concluded in 2009/10, and the outcomes will determine the pace and focus of changes.

*Archives, heraldry and libraries*

The department continues to develop heraldic designs that reflect government imperatives, such as nation building and social cohesion, including new coats of arms for all provincial governments in 2008/09. The designs are important for national identity and will be promoted through various activities as part of the build-up to the 2010 FIFA World Cup, and beyond.

A key development for transforming the library sector was the introduction of the community library services conditional grant in 2007/08. The department is also developing norms and standards for community libraries to ensure equity in access at minimum levels of service delivery, and to address disparities in services, practices and procedures in libraries.

*Vision 2010 arts and culture programme*

The department has developed a detailed plan and programme of activities building up to the 2010 FIFA World Cup, focusing on the performing arts, literary and visual arts, heritage resources and legacy, and languages. All commemorative programmes and major festivals are used as a platform for promoting the event and related activities, and aim to leave a legacy after 2010.

## Selected performance and operations indicators

**Table 12.1 Arts and Culture**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of new community arts centres established	Arts and Culture in Society	14	16	20	22	25	27	32
Number of new projects supported by investing in culture initiative	Cultural Development and International Cooperation	138	273	387	501	520	530	550
Number of new jobs created through investing in culture projects	Cultural Development and International Cooperation	2 760	5 460	7 740	10 020	11 000	11 500	12 500
Number of geographical names changed every year	Heritage Promotion	98	51	88	200	500	500	500
Number of community libraries upgraded every year	National Archives, Records, Libraries and Heraldic Services	–	–	40	53	60	70	75
Number of new community libraries established	National Archives, Records, Libraries and Heraldic Services	–	–	4	8	10	15	18
Number of flags distributed to schools every year	National Archives, Records, Libraries and Heraldic Services	–	1	2 000	14 000	6 000	4 000	4 000

## Expenditure estimates

**Table 12.2 Arts and Culture**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08			2009/10	2010/11	2011/12
R million				2008/09				
1. Administration	101.2	122.1	129.6	122.1	121.6	129.5	140.4	167.6
2. Arts and Culture in Society	194.7	225.0	252.7	340.5	339.2	375.6	316.5	339.7
3. National Language Service	58.8	68.8	87.0	102.8	102.4	106.0	111.4	107.0
4. Cultural Development and International Cooperation	159.8	198.3	187.8	214.0	213.2	224.1	236.7	237.7
5. Heritage Promotion	536.9	632.7	659.9	912.4	904.0	1 214.2	993.8	920.8
6. National Archives, Records, Libraries and Heraldic Services	69.6	83.0	268.8	468.6	445.9	574.2	636.2	675.9
<b>Total</b>	<b>1 121.0</b>	<b>1 329.9</b>	<b>1 585.8</b>	<b>2 160.3</b>	<b>2 126.3</b>	<b>2 623.5</b>	<b>2 435.1</b>	<b>2 448.6</b>
Change to 2008 Budget estimate				43.2	9.2	210.9	146.1	23.3

Table 12.2 Arts and Culture (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>203.2</b>	<b>253.2</b>	<b>288.7</b>	<b>292.6</b>	<b>284.6</b>	<b>308.4</b>	<b>329.7</b>	<b>359.6</b>
Compensation of employees	82.5	95.1	107.2	139.0	131.0	146.3	154.8	164.0
Goods and services	120.5	157.9	181.2	153.6	153.6	162.1	174.9	195.7
<i>of which:</i>								
Administrative fees	0.8	2.5	3.2	1.4	1.4	1.8	1.9	2.4
Advertising	5.6	4.8	5.4	5.6	5.6	5.5	5.8	6.0
Assets less than R5 000	1.0	2.9	3.4	2.8	2.8	2.8	3.0	3.0
Audit costs: External	1.1	1.4	2.8	1.7	1.7	1.7	1.8	1.9
Bursaries (employees)	0.1	0.3	0.4	0.2	0.2	0.2	0.2	0.5
Catering: Departmental activities	0.4	0.6	1.7	1.1	1.1	1.2	1.2	1.7
Communication	7.4	8.0	7.9	5.9	5.9	6.1	6.4	8.1
Computer services	4.2	3.6	2.5	1.5	1.5	1.5	1.6	3.2
Consultants and professional services:	25.6	47.7	21.4	20.0	20.0	20.2	21.4	21.0
Business and advisory services								
Consultants and professional services:	0.5	0.2	2.2	4.2	4.2	4.1	4.4	3.3
Legal costs								
Inventory: Food and food supplies	1.1	2.0	–	–	–	–	–	–
Inventory: Materials and supplies	0.0	0.1	7.9	8.0	8.0	8.6	9.3	11.6
Inventory: Other consumables	0.5	0.2	0.2	0.2	0.2	0.2	0.2	0.3
Inventory: Stationery and printing	3.8	5.6	5.1	3.4	3.4	3.5	3.7	5.7
Lease payments	18.1	25.7	28.5	32.0	32.0	37.1	41.9	46.0
Owned and leasehold property expenditure	6.5	7.6	8.4	8.8	8.8	9.7	10.7	11.3
Travel and subsistence	36.5	40.8	50.3	32.1	32.1	32.9	34.9	36.5
Operating expenditure	1.5	0.7	19.5	13.8	13.8	14.0	14.8	20.6
Venues and facilities	5.2	2.8	9.7	10.4	10.4	10.7	11.3	11.9
Financial transactions in assets and liabilities	0.2	0.2	0.4	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>908.4</b>	<b>1 074.7</b>	<b>1 295.0</b>	<b>1 862.3</b>	<b>1 836.3</b>	<b>2 309.0</b>	<b>2 098.8</b>	<b>2 082.6</b>
Provinces and municipalities	0.3	0.1	163.2	344.6	323.6	440.6	494.0	523.6
Departmental agencies and accounts	740.2	894.5	949.6	1 247.4	1 242.4	1 566.9	1 365.0	1 309.9
Households	167.9	180.2	182.2	270.3	270.3	301.6	239.9	249.1
<b>Payments for capital assets</b>	<b>9.4</b>	<b>2.1</b>	<b>2.1</b>	<b>5.4</b>	<b>5.4</b>	<b>6.0</b>	<b>6.6</b>	<b>6.4</b>
Machinery and equipment	9.4	2.1	2.1	5.4	5.4	6.0	6.6	6.4
<b>Total</b>	<b>1 121.0</b>	<b>1 329.9</b>	<b>1 585.8</b>	<b>2 160.3</b>	<b>2 126.3</b>	<b>2 623.5</b>	<b>2 435.1</b>	<b>2 448.6</b>

## Expenditure trends

The Department of Arts and Culture's expenditure grew at an average annual rate of 24.4 per cent between 2005/06 and 2008/09. This was mainly due to additional resources for the construction of the Freedom Park, upgrading and maintaining museums, and the introduction of the community library services conditional grant in 2007/08 to improve community library services.

Once-off items, like R9 million for background research on the community library services conditional grant and key commemorations, explain the increases in expenditure on consultants and transfers to households in 2006/07.

The community library services conditional grant accounts for the 994.3 per cent average annual growth in transfers to provinces between 2005/06 and 2008/09. Transfers to provinces are expected to grow more moderately over the medium term, at an average annual rate of 15 per cent. Expenditure over the MTEF period is also expected to grow more moderately, at an average annual rate of 4.3 per cent. This is due to the conclusion of major projects such as the construction of the Freedom Park, which will end in 2010/11, and

2010 FIFA World Cup projects, including preparations for the opening and closing ceremonies, for which funding will end in 2009/10.

In general, transfers to heritage and arts institutions, provinces and playhouses continue to dominate the department's budget, comprising 86 per cent on average of the total budget over the medium term.

The 2009 Budget provides additional allocations of R227.3 million, R166.9 million and R41.3 million over the medium term, including for:

- the completion of the Freedom Park capital project (R200 million in 2009/10 and 134 million in R2010/11)
- personnel inflation adjustments (R3.7 million, R3.4 million and R3.5 million)
- inflation adjustments for capital assets (R210 000, R405 000 and R518 000)
- inflation adjustments for capital works projects at the public entities (R23.3 million, R29.1 million and R37.2 million).

### Savings and reprioritisation

Efficiency savings of R85.4 million over the medium term have been identified: R6.8 million in 2009/10, R8.5 million in 2010/11 and R15.3 million in 2011/12 from goods and services in all programmes, mainly from travel and subsistence and catering costs; and R19.1 million in 2009/10, R22.5 million in 2010/11 and R13.2 million in 2011/12 from transfers and subsidies.

### Infrastructure spending

Phase 1 of the Freedom Park (construction of the garden of remembrance) was completed at the end of 2003/04. The intermediate phase was completed in 2006/07. The first part of phase 2, which will make the Freedom Park operational, is projected to be completed in 2009/10. Construction of the final elements of the park will be completed over the medium term.

The sod turning ceremony for the new National Library building in Pretoria (built at an estimated cost of R374 million) took place in December 2004. Construction was completed in 2008/09 and the library has been operating at full capacity since the beginning of 2009.

Over the medium term, the department will continue to upgrade safety and security and improve disabled accessibility at all its public entities, and has allocated R120 million, R150.8 million and R159.8 million for this.

## Departmental receipts

Departmental receipts include mainly miscellaneous items such as debt repayments and revenue generated through service fees charged by the National Archives and Records Service for copying documents and registering coats of arms.

**Table 12.3 Departmental receipts**

	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
<b>Departmental receipts</b>	<b>854</b>	<b>3 172</b>	<b>374</b>	<b>5 706</b>	<b>4 721</b>	<b>4 170</b>	<b>4 359</b>	<b>4 645</b>
Sales of goods and services produced by department	854	3 172	374	180	195	570	604	640
Fines, penalties and forfeits	–	–	–	1	1	–	–	–
Interest, dividends and rent on land	–	–	–	25	25	–	–	–
Financial transactions in assets and liabilities	–	–	–	5 500	4 500	3 600	3 755	4 005
<b>Total</b>	<b>854</b>	<b>3 172</b>	<b>374</b>	<b>5 706</b>	<b>4 721</b>	<b>4 170</b>	<b>4 359</b>	<b>4 645</b>

## Programme 1: Administration

### Expenditure estimates

Table 12.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Minister <sup>1</sup>	0.8	0.9	1.4	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.7	0.7	1.1	1.3	1.4	1.5	1.6
Management	31.1	63.6	27.0	52.3	53.3	56.4	77.8
Corporate Services	38.9	23.6	63.1	26.1	26.3	28.1	28.9
Property Management	29.6	33.3	37.0	40.8	46.8	52.6	57.3
<b>Total</b>	<b>101.2</b>	<b>122.1</b>	<b>129.6</b>	<b>122.1</b>	<b>129.5</b>	<b>140.4</b>	<b>167.6</b>
Change to 2008 Budget estimate				2.4	1.1	1.6	24.9

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

#### Economic classification

<b>Current payments</b>	<b>93.7</b>	<b>120.3</b>	<b>127.9</b>	<b>119.3</b>	<b>126.2</b>	<b>136.8</b>	<b>164.1</b>
Compensation of employees	32.0	36.7	41.3	47.9	49.0	52.2	54.6
Goods and services	61.6	83.6	86.4	71.3	77.3	84.6	109.5
of which:							
Administrative fees	0.5	1.2	0.8	0.5	0.5	0.5	1.0
Advertising	3.5	2.7	1.4	0.9	0.9	0.9	1.8
Assets less than R5 000	0.6	1.9	2.2	1.4	1.4	1.4	1.5
Audit costs: External	1.1	1.4	2.8	1.7	1.7	1.8	1.9
Bursaries (employees)	0.1	0.3	0.4	0.2	0.2	0.2	0.5
Catering: Departmental activities	0.4	0.6	0.6	0.4	0.4	0.4	0.8
Communication	2.4	3.2	4.4	2.7	2.7	2.9	4.6
Computer services	1.7	3.6	2.5	1.5	1.5	1.6	3.2
Consultants and professional services: Business and advisory services	9.0	11.2	4.1	2.6	2.6	2.7	4.8
Consultants and professional services: Legal costs	0.5	0.2	0.4	0.2	0.2	0.3	0.5
Inventory: Food and food supplies	0.4	1.3	–	–	–	–	–
Inventory: Materials and supplies	0.0	0.0	2.4	1.5	1.5	1.5	3.0
Inventory: Stationery and printing	1.6	3.6	3.5	2.2	2.2	2.3	4.4
Lease payments	18.1	25.7	28.5	32.0	37.1	41.9	46.0
Owned and leasehold property expenditure	6.5	7.6	8.4	8.8	9.7	10.7	11.3
Travel and subsistence	12.2	17.1	13.4	8.3	8.3	8.7	10.0
Operating expenditure	1.2	0.3	8.3	5.1	5.1	5.4	10.5
Venues and facilities	1.2	1.0	1.4	0.9	0.9	0.9	2.8
Financial transactions in assets and liabilities	0.2	0.0	0.2	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.3</b>	<b>0.5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	0.0	0.0	0.1	–	–	–	–
Households	–	0.3	0.5	–	–	–	–
<b>Payments for capital assets</b>	<b>7.3</b>	<b>1.5</b>	<b>1.1</b>	<b>2.8</b>	<b>3.2</b>	<b>3.6</b>	<b>3.5</b>
Machinery and equipment	7.3	1.5	1.1	2.8	3.2	3.6	3.5
<b>Total</b>	<b>101.2</b>	<b>122.1</b>	<b>129.6</b>	<b>122.1</b>	<b>129.5</b>	<b>140.4</b>	<b>167.6</b>

## Expenditure trends

Spending in the *Administration* programme increased from R101.2 million in 2005/06 to R122.1 million in 2008/09 at an average annual rate of 6.5 per cent, and is expected to increase at an average annual rate of 11.1 per cent over the medium term. The fluctuating growth in the *Management* subprogramme over the seven-year period is because the number of ministerial imbizos changes from year to year.

The 20.7 per cent growth between 2005/06 and 2006/07 was mainly due to the number of commemorations and anniversaries celebrated in 2006/07, which also accounts for the 35.7 per cent growth in goods and services in 2006/07. While growth in expenditure decreases by 5.8 per cent in 2008/09, it picks up again over the medium term and is expected to grow at an average annual rate of 11.1 per cent, in line with the increase in the *Management* subprogramme for the ministerial imbizo programme. This also accounts for the increased allocation for consultants over the period.

From April 2006, costs for leases and accommodation charges were devolved from the Department of Public Works to individual departments. The department receives the following amounts over the MTEF period: R46.8 million, R52.6 million and R57.3 million.

Cost containment measures over the medium term have been identified in this programme, totalling R11.1 million in goods and services.

## Programme 2: Arts and Culture in Society

- *Promotion of Arts and Culture in South Africa* funds various performing arts institutions. It also supports social development through moral regeneration activities directed at out-of-school youth and rehabilitating prisoners. Funds are mainly used for transfers to performing arts institutions that are positioned to support the mandate of the department to develop the literary, visual and performing arts.
- *National Arts Council* transfers funds to the National Arts Council, which supports the various disciplines of arts and culture through financial support, guided by funding criteria that promote government objectives.

## Objectives and measures

- Improve arts, culture and heritage education and training programmes by:
  - placing 400 artists in schools and community arts centres in 2009/10
  - developing the capacity of 23 arts and culture learning area subject advisors from the provincial education departments to provide leadership to educators in schools in 2009/10.
- Increase access to arts, culture and heritage for vulnerable groups by providing at least 1 programme for women, children and people with disabilities at all 27 arts, culture and heritage institutions in 2009/10.
- Stimulate community interest in arts and culture and facilitate access by providing financial resources for programmes in at least 9 community arts centres in 2009/10.

## Service delivery and spending focus

Music festivals and concerts were supported, including the Cape Town International Jazz Festival and the Standard Bank Joy of Jazz, to ensure that job opportunities are created for musicians. Small scale community arts programmes have been supported, such as the Thari e ntsho annual traditional music festival, which promotes Basotho music and dance.

With its provincial counterparts and community arts centres, the department developed a national framework in 2008 to address the challenges facing community arts centres, including funding, the quality of programmes, and management capacity. The framework categorises community arts centres into four levels based on organisational capacity. Each level has its own funding model and criteria for operation in relation to programming and skills development.

Through the annual Mosadi wa Konokono (Women of Substance) campaign, 27 women who work in the arts, culture and heritage fields were recognised for their outstanding contribution to community upliftment. They received training in marketing, intellectual property protection and business development.

The department is in the process of organising the choral music sector. The final result will be the release of a strategy for the development of choral music in 2009/10.

Over the medium term, spending in this programme will continue to promote the development of community and established artists and showcase their talent.

## Expenditure estimates

**Table 12.5 Arts and Culture in Society**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Promotion of Arts and Culture in South Africa	146.8	162.9	185.8	267.6	298.9	235.9	254.2
National Arts Council	47.9	62.1	66.9	72.9	76.6	80.6	85.5
<b>Total</b>	<b>194.7</b>	<b>225.0</b>	<b>252.7</b>	<b>340.5</b>	<b>375.6</b>	<b>316.5</b>	<b>339.7</b>
Change to 2008 Budget estimate				6.7	(2.3)	(3.5)	(3.6)

### Economic classification

<b>Current payments</b>	<b>11.3</b>	<b>14.4</b>	<b>19.2</b>	<b>16.8</b>	<b>18.3</b>	<b>19.4</b>	<b>20.6</b>
Compensation of employees	5.0	6.0	6.8	9.6	10.2	10.9	11.6
Goods and services	6.3	8.3	12.4	7.1	8.1	8.6	9.1
<i>of which:</i>							
Advertising	0.6	0.1	0.6	0.3	0.1	0.1	0.1
Catering: Departmental activities	—	0.0	0.7	0.4	0.5	0.5	0.5
Communication	0.9	0.8	0.5	0.3	0.4	0.4	0.4
Consultants and professional services: Business and advisory services	1.4	2.0	2.3	1.4	1.5	1.6	1.7
Travel and subsistence	2.9	5.0	5.6	3.2	3.6	3.9	4.1
Venues and facilities	0.2	0.1	1.7	1.0	1.1	1.2	1.3
Financial transactions in assets and liabilities	0.0	0.0	0.0	—	—	—	—
<b>Transfers and subsidies</b>	<b>183.4</b>	<b>210.6</b>	<b>233.4</b>	<b>323.5</b>	<b>357.0</b>	<b>296.8</b>	<b>318.8</b>
Provinces and municipalities	0.0	0.0	—	—	—	—	—
Departmental agencies and accounts	159.5	181.1	203.3	227.3	239.3	251.8	266.9
Households	23.9	29.5	30.1	96.2	117.7	45.0	51.9
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
Machinery and equipment	0.1	0.0	0.1	0.2	0.3	0.3	0.3
<b>Total</b>	<b>194.7</b>	<b>225.0</b>	<b>252.7</b>	<b>340.5</b>	<b>375.6</b>	<b>316.5</b>	<b>339.7</b>

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>159.5</b>	<b>181.0</b>	<b>203.1</b>	<b>227.3</b>	<b>239.3</b>	<b>251.8</b>	<b>266.9</b>
Artscape	24.4	27.8	31.5	35.5	37.2	39.2	41.5
Business Arts South Africa	4.3	4.6	4.9	5.2	5.5	5.8	6.1
Cape Philharmonic Orchestra	3.2	—	—	—	—	—	—
Gauteng Orchestra	3.2	—	—	—	—	—	—
KwaZulu-Natal Philharmonic Orchestra	3.2	—	—	—	—	—	—
Market Theatre	11.0	14.5	17.0	19.3	20.3	21.4	22.7
National Arts Council	47.9	62.1	66.9	72.9	76.6	80.6	85.5
Performing Arts Centre of the Free State	16.9	19.6	22.7	25.8	27.4	28.8	30.5
Playhouse Company	20.0	23.1	26.6	30.2	31.8	33.5	35.5
State Theatre	20.6	23.7	27.1	30.9	32.7	34.4	36.4
Windybrow Theatre	4.7	5.6	6.5	7.4	7.8	8.2	8.7
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>23.9</b>	<b>29.5</b>	<b>30.1</b>	<b>96.2</b>	<b>117.7</b>	<b>45.0</b>	<b>51.9</b>
Financial assistance projects	23.9	29.5	9.3	42.0	42.7	45.0	51.9
2010 FIFA World Cup projects	—	—	20.8	54.2	75.0	—	—



## Expenditure trends

Expenditure grew between 2005/06 and 2008/09 at an average annual rate of 20.5 per cent. This growth is driven by additional allocations for 2010 FIFA World Cup related projects, which also account for the 219.5 per cent increase in transfers to households in 2008/09.

Expenditure is dominated by transfers to departmental agencies, which account for, on average, 95 per cent of the programme budget. The largest beneficiary is the National Arts Council. The responsibility for funding the philharmonic orchestras was shifted to the council in 2006/07, which explains the 29.6 per cent growth in the transfer in 2006/07. Since 2008/09, the council has also been responsible for funding the Cape Town Jazz Orchestra.

The allocation for the opening and closing ceremonies of the 2010 FIFA World Cup is made in 2009/10. This explains the 15.7 per cent decline in projected expenditure between 2009/10 and 2010/11, which translates into an average annual decline of 0.1 per cent over the MTEF period.

Cost containment measures over the medium term have been identified in this programme, totalling R14.4 million in transfers and subsidies and R842 000 in goods and services.

## Programme 3: National Language Service

- *National Language Service* promotes the national language policy and develops implementation strategies. Funding is mainly used for salaries and other personnel related costs, language bursaries and human language technologies programmes.
- *Pan South African Language Board* transfers funds to the Pan South African Language Board, which creates an environment conducive to developing, using and promoting the 11 official languages as well as the Khoe, Nama and San languages and South African Sign Language.

## Objectives and measures

- Develop South African languages by:
  - promoting the human language technology programmes, such as machine aided translation tools, in 2009/10
  - promoting a telephone based information system in 2009/10.
- Facilitate the regulation and accreditation of the language profession by establishing the South African Language Practitioners' Council by December 2009.
- Promote capacity building in the language profession by awarding language bursaries to 90 students in 2009/10.

## Service delivery and spending focus

To promote the language profession, the Department of Arts and Culture awards language bursaries to deserving students in the fields of language planning, lexicography, translation and editing, interpreting, and human language technologies. 80 bursaries were awarded to postgraduate and undergraduate students in 2008.

To promote and develop all official languages, the department translated and edited 793 documents in official languages and translated 710 documents from foreign languages. As part of the human language technologies programme, electronic spellcheckers for African languages were developed in 2008. Over the medium term, the department will also develop terminology in all official languages, for example terms for soccer, HIV and AIDS, and the human, social, economic and management sciences.

Over the medium term, spending will continue to be focused on promoting the use of all 11 languages via bursaries and training, and rolling out more human language technology programmes.



## Expenditure estimates

**Table 12.6 National Language Service**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
National Language Service	31.9	29.7	43.4	55.3	56.4	59.0	51.4
Pan South African Language Board	27.0	39.1	43.6	47.5	49.6	52.4	55.5
<b>Total</b>	<b>58.8</b>	<b>68.8</b>	<b>87.0</b>	<b>102.8</b>	<b>106.0</b>	<b>111.4</b>	<b>107.0</b>
Change to 2008 Budget estimate				0.7	(1.7)	(2.7)	(14.3)

### Economic classification

<b>Current payments</b>	<b>24.0</b>	<b>20.2</b>	<b>25.5</b>	<b>49.8</b>	<b>50.4</b>	<b>53.1</b>	<b>45.3</b>
Compensation of employees	11.3	11.4	12.2	20.8	21.7	22.8	24.4
Goods and services	12.7	8.9	13.3	29.1	28.7	30.2	20.9
<i>of which:</i>							
Advertising	0.1	0.4	1.2	2.7	2.6	2.8	1.9
Communication	0.9	0.6	0.4	0.9	0.9	0.9	0.6
Consultants and professional services: Business and advisory services	6.8	4.6	4.6	10.1	9.9	10.5	7.2
Consultants and professional services: Legal costs	–	–	1.8	3.9	3.9	4.1	2.8
Inventory: Stationery and printing	0.5	0.3	0.2	0.5	0.5	0.6	0.4
Travel and subsistence	2.4	1.9	2.1	4.7	4.6	4.9	3.4
Venues and facilities	1.7	0.7	2.5	5.4	5.4	5.7	3.9
Financial transactions in assets and liabilities	0.0	–	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>34.2</b>	<b>48.5</b>	<b>61.4</b>	<b>52.0</b>	<b>54.7</b>	<b>57.3</b>	<b>60.8</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	27.0	39.1	43.6	47.5	49.7	52.6	55.7
Households	7.2	9.4	17.8	4.6	5.0	4.7	5.0
<b>Payments for capital assets</b>	<b>0.6</b>	<b>0.0</b>	<b>0.2</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>	<b>0.9</b>
Machinery and equipment	0.6	0.0	0.2	0.9	0.9	1.0	0.9
<b>Total</b>	<b>58.8</b>	<b>68.8</b>	<b>87.0</b>	<b>102.8</b>	<b>106.0</b>	<b>111.4</b>	<b>107.0</b>

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>27.0</b>	<b>39.1</b>	<b>43.6</b>	<b>47.5</b>	<b>49.7</b>	<b>52.6</b>	<b>55.7</b>
Pan South African Language Board	27.0	39.1	43.6	47.5	49.7	52.6	55.7
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>7.2</b>	<b>9.4</b>	<b>17.7</b>	<b>4.6</b>	<b>5.0</b>	<b>4.7</b>	<b>5.0</b>
Financial assistance projects	7.2	9.4	17.7	4.6	5.0	4.7	5.0

## Expenditure trends

Expenditure in the *National Language Services* programme increased steadily between 2005/06 and 2008/09 at an average annual rate of 20.4 per cent, as the department extended the telephone interpreting service for South Africa project. This also accounts for increased spending on goods and services in that period, at an average annual rate of 31.7 per cent. The high consultancy fees over the medium term reflect this ongoing activity.

Growth over the medium term is more moderate, at an average annual rate of 1.3 per cent mainly due to the impact of efficiency savings in goods and services, which is set to decline at an average annual rate of 10.4 per cent. Transfers to households, from which awards to writers are made, fluctuate over the seven-year period as funding depends on the number of awards. Spending of R17.7 million in 2007/08 included a literature exhibition on indigenous languages.

Expenditure on the Pan South African Language Board increased from R27 million in 2005/06 to R47.5 million in 2008/09 at an average annual rate of 20.7 per cent, as the organisation built its capacity to fulfil its mandate. Growth is expected to be more moderate over the medium term, increasing at an average annual rate of 5.4 per cent.

Cost containment measures over the medium term have been identified in this programme, totalling R5.7 million in goods and services and R1.4 million in transfers and subsidies.

## Programme 4: Cultural Development and International Cooperation

- *Cultural Development* supports the creative industries, primarily in the second economy, and the development of the arts. Funds are mainly transferred to households to support participants in projects and initiatives that promote the creative industries and are distributed on the basis of annual business plans and service level agreements between the department and individuals or group contractors.
- *Investing in Culture* promotes job creation, skills development, poverty alleviation and economic empowerment in support of broader government growth and employment imperatives. Funds are transferred to households to support participants in the programme's projects. They are disbursed on the basis of annual business plans and service level agreements between the department and individuals or group contractors, in accordance with expanded public works programme targets: 60 per cent to women, 30 per cent to youth, and 2 per cent to people with disabilities.
- *International Cooperation* ensures South Africa's participation in binational and multilateral cultural activities, secures overseas development assistance, strengthens South Africa's international presence, and builds international partnerships. Funding is mainly used for salaries, and other personnel related costs.
- *National Film and Video Foundation* transfers funds to the National Film and Video Foundation, which supports skills, local content and local marketing development in South Africa's film and video industry.

### Objectives and measures

- Increase the number of sustainable arts and culture projects by providing 3 200 learnerships and job opportunities in arts, culture and heritage by December 2009.
- Improve economic participation in and development of the cultural industry by providing cash in hand financial support to 30 000 cultural practitioners by March 2009.
- Increase participation by grassroots art practitioners in the cultural industries by having at least 10 more signed international agreements or cultural exchanges that promote grassroots practices by April 2010.

### Service delivery and spending focus

In 2007/08, about 7 374 beneficiaries were provided with job opportunities primarily in the craft sector. Of the jobs created, 51 per cent were for women, 44 per cent for youth and 5 per cent for people living with a disability.

In 2007/08, the department partnered with 9 established fashion designers and 25 crafters in each province to collaborate on fashion items and accessories. This provided opportunities for the crafters to be part of the business of fashion, and for skills transfer between designers and crafters.

An international exhibition to give greater exposure to South African literature was held in Cuba in 2008.

The department took part in the Zaragoza Expo 2008 in Spain. Various artists, sponsored by the department, performed, and some were invited back in their private capacity.

Over the medium term, the major focus of the department will be to continue to support projects that promote job creation, skills development, poverty alleviation and economic empowerment through its investing in culture projects.

## Expenditure estimates

**Table 12.7 Cultural Development and International Cooperation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Cultural Development	29.4	71.8	26.5	42.9	42.2	44.1	38.4
Investing in Culture	74.1	67.9	85.1	101.0	105.9	112.3	119.0
International Cooperation	31.6	24.5	39.5	32.1	36.8	39.0	36.5
National Film and Video Foundation	24.6	34.1	36.7	37.9	39.1	41.4	43.8
<b>Total</b>	<b>159.8</b>	<b>198.3</b>	<b>187.8</b>	<b>214.0</b>	<b>224.1</b>	<b>236.7</b>	<b>237.7</b>
Change to 2008 Budget estimate				(1.3)	(3.3)	(4.4)	(18.5)

### Economic classification

<b>Current payments</b>	<b>28.7</b>	<b>32.7</b>	<b>48.9</b>	<b>29.4</b>	<b>30.6</b>	<b>32.2</b>	<b>34.6</b>
Compensation of employees	12.6	15.2	17.1	20.6	22.2	23.5	25.1
Goods and services	16.1	17.5	31.7	8.7	8.3	8.7	9.4
of which:							
Administrative fees	0.1	1.0	2.1	0.6	0.5	0.6	0.6
Advertising	0.9	0.4	0.5	0.1	0.1	0.1	0.2
Communication	1.1	1.4	1.0	0.3	0.3	0.3	0.3
Consultants and professional services: Business and advisory services	1.6	5.2	6.3	1.7	1.7	1.7	1.9
Inventory: Stationery and printing	0.5	0.9	0.8	0.2	0.2	0.2	0.2
Travel and subsistence	10.9	7.7	18.0	4.9	4.7	4.9	5.4
Operating expenditure	0.1	0.1	0.6	0.2	0.2	0.2	0.2
Venues and facilities	0.5	0.4	1.8	0.5	0.5	0.5	0.5
Financial transactions in assets and liabilities	0.0	0.1	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>130.9</b>	<b>165.4</b>	<b>138.9</b>	<b>184.2</b>	<b>193.0</b>	<b>204.0</b>	<b>202.7</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	24.6	34.1	36.7	37.9	39.1	41.4	43.8
Households	106.2	131.3	102.2	146.3	153.9	162.6	158.8
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
Machinery and equipment	0.2	0.1	0.1	0.4	0.5	0.5	0.5
<b>Total</b>	<b>159.8</b>	<b>198.3</b>	<b>187.8</b>	<b>214.0</b>	<b>224.1</b>	<b>236.7</b>	<b>237.7</b>

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>24.6</b>	<b>34.1</b>	<b>36.7</b>	<b>37.9</b>	<b>39.1</b>	<b>41.4</b>	<b>43.8</b>
National Film and Video Foundation	24.6	34.1	36.7	37.9	39.1	41.4	43.8
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>106.2</b>	<b>131.3</b>	<b>102.2</b>	<b>146.3</b>	<b>153.9</b>	<b>162.6</b>	<b>158.8</b>
Cultural industries	24.8	66.0	14.7	34.3	35.6	36.6	33.5
Investing in Culture programme	69.7	57.7	76.2	88.6	93.1	98.8	105.0
Promote arts and culture internationally	11.7	7.5	11.3	23.4	25.2	27.2	20.3

## Expenditure trends

Expenditure grew at an average annual rate of 10.2 per cent between 2005/06 and 2008/09, mainly due to increased allocations for the *Investing in Culture* subprogramme.

Growth over the medium term is expected to slow to an average annual rate of 3.6 per cent due to a projected decline of 12.9 per cent in expenditure on the *Cultural Development* subprogramme in 2011/12.

Spending in the *Cultural Development and International Cooperation* programme relates mainly to transfer payments, the largest being to households as part of the poverty alleviation strategy under the *Investing in Culture* subprogramme. The increase in expenditure in travel and subsistence in 2007/08 is because crafters exhibited at more international fairs in that year. The increased allocation to households in 2006/07 was for taking artists and cultural practitioners to Germany for the closing ceremony of the 2006 FIFA World Cup.

Expenditure on the National Film and Video Foundation increased from R24.6 million in 2005/06 to R37.9 million in 2008/09, at an average annual rate of 15.5 per cent. Growth is expected to be more moderate over the medium term, increasing at an average annual rate of 5 per cent.

Cost containment measures over the medium term have been identified in this programme, totalling R7 million in transfers and subsidies and R2.6 million in goods and services.

## Programme 5: Heritage Promotion

- *Heritage Institutions* ensures that the money that heritage institutions receive is used to fulfil the department's mandate to preserve, protect and promote heritage. Institutions' business plans and annual reports are reviewed and adjusted to align with the department's core mandate. The funds are mainly transferred to the selected heritage institutions that have been declared cultural institutions in terms of the Cultural Institutions Act (1998) and which support the department's mandate.
- *South African Heritage Resources Agency* transfers funds to the South African Heritage Resources Agency, whose key strategic objectives are developing and implementing norms and standards for managing heritage resources, including auditing heritage resources and developing management plans.
- *Promotion of Heritage* mainly funds a range of heritage initiatives and projects, like Heritage Month and the repatriation of South African cultural and heritage objects, that complement the department's strategic objectives for a particular financial year.
- *South African Geographical Names Council* funds the South African Geographical Names Council, whose core mandate is to facilitate name changes, including through consulting with communities and advising the Minister of Arts and Culture. The council is an advisory body established in terms of the South African Geographical Names Council Act (1998). The executive functions of the council are performed by the department in terms of the Public Service Act (1994), hence its budget is managed and accounted for by the department.
- *Capital Works* focuses mainly on the provision and administration of capital grants for constructing and maintaining heritage infrastructure. Funds are awarded based on entities' business plans.

## Objectives and measures

- Improve the preservation and management of underwater cultural heritage by:
  - developing the required new legislation by March 2010
  - establishing a maritime archaeology unit at the South African Heritage Resources Agency by March 2010.
- Ensure the efficient use of resources and eliminate the duplication of mandates by amending heritage legislation, such as the South African Geographic Names Council Act (1998), the National Heritage Council Act (1999) and the National Heritage Resources Act (1999), by the end of 2009.
- Preserve intangible cultural heritage by developing 2 inventories by March 2010, 1 to document intangible cultural heritage in danger of extinction and the other a representative list of the entire intangible heritage within the borders of South Africa.
- Enable the South African Heritage Resources Agency to manage the national heritage estate by completing the national heritage resources inventory and establishing the South African heritage resources information systems as specified by the National Heritage Resources Act (1999) by March 2010.
- Ensure the standardisation of geographical names by completing the national framework within which the standardisation of geographical names can take place in local authorities by September 2009.

## Service delivery and spending focus

Draft legislation amending heritage laws to ensure the efficient use of resources and eliminate the duplication of mandates among public entities was published for public comment in 2008.

The department organised and hosted Heritage Month. The theme for 2008 was Celebrating our Dance, our Heritage.

The department hosted provincial hearings on geographical name changes in Eastern Cape and Mpumalanga in 2008. Since the inception of the South African Geographical Names Council in 2000, 830 geographical names have been changed.

In November 2008, the department completed the national heritage skills audit and strategy, which will be rolled out in 2009/10.

Key activities over the MTEF period include: conducting a series of reviews and compiling reports to determine the contribution of heritage to economic development, improving the department's understanding of the sector, and informing the future allocation of project funding.

## Expenditure estimates

**Table 12.8 Heritage Promotion**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Heritage Institutions	275.1	359.9	331.1	481.6	528.9	479.4	364.9
South African Heritage Resources Agency	24.3	30.8	29.3	31.4	33.3	35.0	37.1
Promotion of Heritage	47.2	36.8	57.5	43.5	45.0	48.6	55.7
South African Geographical Names Council	4.5	4.8	1.3	5.2	5.6	7.0	7.5
Capital Works	185.8	200.5	240.8	350.6	601.4	423.8	455.6
<b>Total</b>	<b>536.9</b>	<b>632.7</b>	<b>659.9</b>	<b>912.4</b>	<b>1 214.2</b>	<b>993.8</b>	<b>920.8</b>
Change to 2008 Budget estimate				26.5	218.3	157.5	36.5

### Economic classification

<b>Current payments</b>	<b>16.3</b>	<b>29.3</b>	<b>28.7</b>	<b>23.8</b>	<b>24.3</b>	<b>25.6</b>	<b>27.3</b>
Compensation of employees	6.5	7.7	9.8	11.1	11.7	12.4	13.2
Goods and services	9.8	21.6	18.9	12.7	12.6	13.2	14.1
of which:							
Advertising	0.2	0.7	0.9	0.6	0.6	0.6	0.6
Communication	1.0	0.9	0.5	0.4	0.4	0.4	0.4
Computer services	0.6	—	—	—	—	—	—
Consultants and professional services: Business and advisory services	1.7	15.1	1.7	1.2	1.2	1.2	1.3
Inventory: Materials and supplies	—	0.0	0.5	0.3	0.3	0.4	0.4
Travel and subsistence	5.0	3.9	5.9	4.0	4.0	4.2	4.4
Operating expenditure	0.0	0.1	8.3	5.6	5.6	5.8	6.2
Venues and facilities	0.6	0.2	0.6	0.4	0.4	0.4	0.4
Financial transactions in assets and liabilities	—	0.0	0.0	—	—	—	—
<b>Transfers and subsidies</b>	<b>520.2</b>	<b>603.3</b>	<b>631.0</b>	<b>888.3</b>	<b>1 189.4</b>	<b>967.8</b>	<b>893.1</b>
Provinces and municipalities	0.0	0.0	—	—	—	—	—
Departmental agencies and accounts	489.7	596.0	602.5	868.9	1 169.1	945.3	865.1
Households	30.5	7.3	28.5	19.5	20.3	22.6	28.1
<b>Payments for capital assets</b>	<b>0.4</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
Machinery and equipment	0.4	0.1	0.2	0.3	0.4	0.4	0.4
<b>Total</b>	<b>536.9</b>	<b>632.7</b>	<b>659.9</b>	<b>912.4</b>	<b>1 214.2</b>	<b>993.8</b>	<b>920.8</b>

Table 12.8 Heritage Promotion (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>284.0</b>	<b>283.7</b>	<b>321.0</b>	<b>374.0</b>	<b>367.6</b>	<b>387.2</b>	<b>409.2</b>
Die Afrikaanse Taalmuseum: Paarl	1.9	2.7	2.9	3.2	3.4	3.6	3.8
Freedom Park Trust: Pretoria	38.0	45.0	47.7	50.0	51.0	53.8	58.4
Iziko Museums of Cape Town	34.2	38.3	40.9	44.6	47.5	50.0	53.0
Khoi-San Project	–	1.2	–	–	–	–	–
Luthuli Museum	3.8	4.4	4.7	5.4	5.8	6.1	6.5
Natal Museum: Pietermaritzburg	7.5	9.7	10.4	11.4	12.7	13.3	14.1
National Heritage Council	17.4	26.7	36.7	46.2	48.4	50.9	51.5
National Museum: Bloemfontein	15.9	18.4	19.6	21.5	22.9	24.1	25.5
Nelson Mandela Museum: Mthatha	8.0	12.2	13.0	14.0	14.7	15.4	16.3
Robben Island Museum: Cape Town	63.0	31.0	52.0	69.1	49.0	51.0	54.0
South African Geographical Names Council	4.5	4.8	1.3	5.2	5.6	7.0	7.5
South African Heritage Resources Agency	24.3	30.8	29.3	31.4	33.3	35.0	37.1
The National English Literary Museum: Grahamstown	3.9	4.8	5.3	5.8	6.3	6.6	7.0
Transformation of Heritage Institutions	15.1	–	–	3.5	–	–	–
Voortrekker Museum: Pietermaritzburg	6.0	7.0	7.5	8.2	8.7	9.1	9.7
War Museum of the Boer Republics: Bloemfontein	3.8	4.7	5.1	5.6	5.9	6.2	6.6
William Humphreys Art Gallery: Kimberley	2.6	3.4	3.7	4.1	4.4	4.6	4.9
Northern Flagship Institution	34.2	38.5	41.1	45.0	48.0	50.5	53.4
Gifts and donations	–	–	–	–	–	–	–
<b>Capital</b>	<b>205.6</b>	<b>312.1</b>	<b>281.2</b>	<b>494.6</b>	<b>801.4</b>	<b>557.8</b>	<b>455.6</b>
Capital Works	185.8	200.5	240.8	350.6	601.4	423.8	455.6
Freedom Park Trust: Pretoria	19.8	111.6	40.5	144.0	200.0	134.0	–
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>30.5</b>	<b>7.3</b>	<b>28.5</b>	<b>19.5</b>	<b>20.3</b>	<b>22.6</b>	<b>28.1</b>
Promotion of Heritage	30.5	7.3	28.5	19.5	20.3	22.6	28.1

## Expenditure trends

Expenditure on the *Heritage Promotion* programme increased at an average annual rate of 19.3 per cent between 2005/06 and 2008/09, mainly due to an increase in capital transfers for upgrading public entities. Expenditure of R15 million on consultants in 2006/07 was for hosting commemorations, of which the 1956 women's march and the 1976 Soweto uprising were the most important.

Spending is expected to be slower over the medium term. The reduced growth is mainly because the allocations for the completion of the Freedom Park come to an end in 2010/11, and there is a once-off additional allocation for the *Capital Works* subprogramme in 2009/10.

Transfer payments comprise, on average, 97 per cent of the programme's total expenditure over the medium term. The transfer to the South African Geographical Names Council is expected to grow at an average annual rate of 12.5 per cent over this period, due to additional allocations for accelerating the process of standardising place names as part of the special social cohesion campaign.

Expenditure on the *Capital Works* subprogramme is expected to increase at an average annual rate of 9.1 per cent from R350.6 million in 2008/09 to R455.6 million in 2011/12 to provide for all capital projects coordinated by the department.

Cost containment measures over the medium term have been identified in this programme, totalling R30 million in transfers and subsidies and R1.4 million in goods and services.



## Public entities

### Freedom Park Trust

The Freedom Park is a national government project executed via the Freedom Park Trust. The objective of the Freedom Park is to establish visible cultural structures that celebrate and commemorate diverse and important South African events, spanning pre-history, colonisation and the struggle for democracy, and ending with a vision for the future. The park will be declared a cultural institution in terms of the Cultural Institutions Act (1998) from April 2009. On completion, the Freedom Park will be a national monument and museum. It has three elements: a garden of remembrance; commemorative spaces; and *//hapo*, which includes information resources and hospitality facilities and will tell the history of Southern Africa spanning 3.6 billion years. *//hapo* will be completed in 2009/10.

### Selected performance and operations indicators

**Table 12.9 Freedom Park Trust**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of visitors to the park each year	–	–	–	417 576	529 902	474 366	432 944
Number of times venue hired for functions each year	–	–	–	–	263	290	319
New outreach projects	–	–	–	–	25	30	35

### Service delivery and spending focus

The Freedom Park is currently under construction, with some elements completed in the phased construction programme. Construction of parking, the restaurant, the curio shop, the administration building and the exhibition hall will start in April 2009 and is scheduled to be completed and open to the public by June 2010. The park opened its completed elements (Isivivane, Mveledzo, Sikhumbuto, Moshate and Uitspanplek) in July 2007.

The trust will conduct an advertising campaign to increase the number of visitors to the park and its use for corporate events. The campaign is part of a new funding strategy to make the trust mainly self-sufficient in the next five years.

### Expenditure estimates

**Table 12.10 Freedom Park Trust: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>6.8</b>	<b>9.3</b>	<b>7.3</b>	<b>10.2</b>	<b>19.5</b>	<b>24.4</b>	<b>24.1</b>
Sale of goods and services other than capital assets	–	–	–	6.0	17.7	23.5	23.4
of which:							
Sales by market establishments	–	–	–	6.0	17.7	23.5	23.4
Other non-tax revenue	6.8	9.3	7.3	4.2	1.8	1.0	0.7
<b>Transfers received</b>	<b>46.1</b>	<b>55.5</b>	<b>51.8</b>	<b>67.6</b>	<b>72.2</b>	<b>73.6</b>	<b>104.4</b>
<b>Total revenue</b>	<b>53.0</b>	<b>64.8</b>	<b>59.0</b>	<b>77.8</b>	<b>91.7</b>	<b>98.1</b>	<b>128.5</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>44.0</b>	<b>57.5</b>	<b>50.1</b>	<b>77.7</b>	<b>91.7</b>	<b>98.1</b>	<b>128.5</b>
Compensation of employees	16.7	16.6	19.1	29.4	40.3	44.4	47.9
Goods and services	22.7	36.5	26.9	30.6	30.2	33.8	34.6
Depreciation	4.5	4.3	4.1	17.6	21.2	19.9	46.0
Interest, dividends and rent on land	0.1	0.0	–	–	–	–	–
<b>Total expenses</b>	<b>44.0</b>	<b>57.5</b>	<b>50.1</b>	<b>77.7</b>	<b>91.7</b>	<b>98.1</b>	<b>128.5</b>
<b>Surplus / (Deficit)</b>	<b>8.9</b>	<b>7.3</b>	<b>8.9</b>	<b>0.1</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Acquisition of assets</b>	<b>50</b>	<b>153</b>	<b>36</b>	<b>143</b>	<b>319</b>	<b>83</b>	<b>46</b>

## Expenditure trends

Funding for the Freedom Park consists of an annual grant for operational expenditure of R51 million in 2009/10, R53.8 million in 2010/11 and R58.4 million in 2011/12. The trust will put in place revenue generating mechanisms in 2009/10, starting with entrance fees and fees for hiring premises for events.

Revenue between 2005/06 and 2008/09 grew at an annual average rate of 13.7 per cent. Over the medium term, total revenue is projected to grow at an average annual rate of 18 per cent. Increased efforts to generate revenue from ticket sales are evident in the projected 57.4 per cent average annual increase in sales over this period. Other non-tax revenue decreases at an average annual rate of 45 per cent over the medium term due to a decrease in income from investments as a result of the increased use of cash and cash equivalents.

Spending on compensation of employees grew at an average annual rate of 21 per cent between 2005/06 and 2008/09. It grows more slowly over the medium term, at an average annual rate of 17.7 per cent, due to an initial expansion of the trust's human resource capacity.

## Programme 6: National Archives, Records, Libraries and Heraldic Services

- *National Archives of South Africa* provides for acquiring and managing public and non-public records with enduring value. It also funds the Bureau of Heraldry. Funds will mainly be used for transfer payments to provincial education departments for the community library services conditional grant. The distribution of the grant is based on an impact assessment study, which identified community library needs and priorities in each of the provinces.
- *National Library Service* transfers funds to libraries and institutions to provide information services, and develops related policy.

## Objectives and measures

- Improve governance in archiving and promote efficient records management in organs of state by:
  - approving all filing plans and disposal authorities submitted
  - monitoring the implementation of guidelines or circulars issued each year.
- Improve public use of archival information by:
  - responding faster to Promotion of Access to Information Act (2000) issues
  - upgrading the web enabled reference search on the national automated archival information retrieval system by March 2009.
- Promote social cohesion by reconfiguring heraldic representations of all rural municipalities to reflect national identity by March 2010.
- Ensure equitable funding of libraries by developing a funding model for community libraries by December 2009.
- Improve public access to information at national, provincial and local levels over the next three years by:
  - increasing the number of staff and books (including those in indigenous languages) by 25 per cent in libraries where staff and stock are limited
  - building or establishing 25 per cent more libraries where there are none or too few.

## Service delivery and spending focus

The Department of Arts and Culture has provided ongoing archival support for New Partnership for Africa's Development projects, such as the Timbuktu manuscripts project and the African archives agenda.

In 2007/08, the community library service grant resulted in the upgrading of 36 libraries and the construction of 2 new libraries. R35 million was also spent on purchasing library materials. The expansion of community library services will remain the primary focus of this programme over the medium term.

The Department of Arts and Culture and the Presidency hosted the national order awards ceremony in December 2008: 29 people were honoured.

The department hosted the eighth meeting of the International Advisory Committee for the United Nations Educational, Scientific and Cultural Organisation Memory of the World programme in June 2007. The main



purpose of the meeting, which takes place every two years, was to review the programme's progress and make recommendations to the director-general about awarding the UNESCO/Jikji Memory of the World prize and the inscription of documentary heritage on the Memory of the World register. The Memory of the World programme facilitates the sharing of the most appropriate documentary heritage preservation techniques (archiving) and promotes universal access to and world wide awareness of all significant documentary heritage.

## Expenditure estimates

**Table 12.11 National Archives, Records, Libraries and Heraldic Services**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
National Archives of South Africa	30.3	38.9	205.3	402.7	504.6	562.3	597.6
National Library Service	39.3	44.1	63.5	65.9	69.6	73.9	78.4
<b>Total</b>	<b>69.6</b>	<b>83.0</b>	<b>268.8</b>	<b>468.6</b>	<b>574.2</b>	<b>636.2</b>	<b>675.9</b>
Change to 2008 Budget estimate				8.3	(1.3)	(2.5)	(1.5)

### Economic classification

<b>Current payments</b>	<b>29.2</b>	<b>36.3</b>	<b>38.5</b>	<b>53.6</b>	<b>58.6</b>	<b>62.6</b>	<b>67.9</b>
Compensation of employees	15.2	18.2	20.0	29.0	31.5	33.0	35.2
Goods and services	14.0	18.0	18.4	24.7	27.1	29.6	32.7
of which:							
Advertising	0.3	0.6	0.8	1.1	1.2	1.3	1.4
Assets less than R5 000	0.2	0.4	0.6	0.8	0.9	1.0	1.1
Communication	1.1	1.0	1.0	1.3	1.5	1.6	1.8
Computer services	1.8	–	–	–	–	–	–
Consultants and professional services: Business and advisory services	5.1	9.5	2.3	3.1	3.4	3.7	4.1
Inventory: Materials and supplies	0.0	0.0	4.5	6.0	6.6	7.2	7.9
Inventory: Stationery and printing	0.9	0.4	0.3	0.4	0.4	0.4	0.5
Travel and subsistence	3.2	5.3	5.2	6.9	7.6	8.3	9.2
Operating expenditure	0.1	0.1	1.8	2.4	2.7	2.9	3.2
Venues and facilities	1.0	0.5	1.7	2.2	2.4	2.7	3.0
Financial transactions in assets and liabilities	0.0	0.0	0.1	–	–	–	–
<b>Transfers and subsidies</b>	<b>39.5</b>	<b>46.5</b>	<b>229.8</b>	<b>414.2</b>	<b>514.8</b>	<b>572.8</b>	<b>607.2</b>
Provinces and municipalities	0.1	0.0	163.2	344.6	440.6	494.0	523.6
Departmental agencies and accounts	39.3	44.1	63.5	65.9	69.6	73.9	78.4
Households	0.1	2.4	3.1	3.7	4.7	4.9	5.2
<b>Payments for capital assets</b>	<b>0.9</b>	<b>0.2</b>	<b>0.4</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>
Machinery and equipment	0.9	0.2	0.4	0.8	0.8	0.8	0.8
<b>Total</b>	<b>69.6</b>	<b>83.0</b>	<b>268.8</b>	<b>468.6</b>	<b>574.2</b>	<b>636.2</b>	<b>675.9</b>

### Details of selected transfers and subsidies

<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>163.2</b>	<b>344.6</b>	<b>440.6</b>	<b>494.0</b>	<b>523.6</b>
Community library services grant	–	–	163.2	344.6	440.6	494.0	523.6
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>39.3</b>	<b>44.1</b>	<b>63.5</b>	<b>65.9</b>	<b>69.6</b>	<b>73.9</b>	<b>78.4</b>
National Library of South Africa	30.5	33.4	46.3	50.6	41.6	44.3	47.0
South African Blind Workers Organisation	2.1	3.3	3.4	4.7	4.8	5.1	5.7
South African Library for the Blind	6.7	7.5	13.9	10.6	11.2	11.8	12.2
National Library of South Africa: Community Libraries	–	–	–	–	12.0	12.7	13.5
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>0.1</b>	<b>2.4</b>	<b>3.1</b>	<b>3.7</b>	<b>4.7</b>	<b>4.9</b>	<b>5.2</b>
Financial assistance projects	0.1	2.4	3.1	3.7	4.7	4.9	5.2

## **Expenditure trends**

Transfers and subsidies dominate expenditure in this programme, taking up almost 90 per cent of the total budget. Expenditure increased rapidly between 2005/06 and 2008/09, at an average annual rate of 88.8 per cent, mainly due to the introduction of the community library services conditional grant in 2007/08.

Programme expenditure is projected to grow by 13 per cent over the medium term mainly as a result of the continued expansion of the grant, which also accounts for the 15 per cent expected growth in transfers to provinces over this period. Funding of R38.2 million over the medium term for the community library project on the budget of the National Library is to provide cataloguing and procurement services to provinces. The key spending focuses over the medium term are to expand the conditional grant to improve access to library services in poor communities and to ensure that the three specialised libraries consolidate and maintain their services.

Expenditure of R9.5 million on consultants in 2006/07 was mainly for the background research for the community library services conditional grant.

Transfers to households increases from R100 000 in 2005/06 to R5.2 million in 2011/12, mainly for support to participants in the United Nations Educational, Scientific and Cultural Organisation Memory of the World programme and exhibitions related to the Timbuktu manuscripts project.

Cost containment measures over the medium term have been identified in this programme, totalling R8.9 million in goods and services and R2 million in transfers and subsidies.

## Additional tables

**Table 12.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	104.9	104.7	129.6	119.7	2.4	122.1	121.6
2. Arts and Culture in Society	278.2	278.2	252.7	333.8	6.7	340.5	339.2
3. National Language Service	94.6	94.6	87.0	102.1	0.7	102.8	102.4
4. Cultural Development and International Cooperation	204.8	204.8	187.8	215.3	(1.3)	214.0	213.2
5. Heritage Promotion	630.1	630.1	659.9	885.9	26.5	912.4	904.0
6. National Archives, Records, Libraries and Heraldic Services	295.5	295.5	268.8	460.3	8.3	468.6	445.9
<b>Total</b>	<b>1 608.0</b>	<b>1 607.8</b>	<b>1 585.8</b>	<b>2 117.1</b>	<b>43.2</b>	<b>2 160.3</b>	<b>2 126.3</b>

  

Economic classification							
<b>Current payments</b>	<b>256.2</b>	<b>256.0</b>	<b>288.7</b>	<b>286.4</b>	<b>6.2</b>	<b>292.6</b>	<b>284.6</b>
Compensation of employees	118.2	118.2	107.2	132.8	6.2	139.0	131.0
Goods and services	138.0	137.7	181.2	153.6	–	153.6	153.6
Financial transactions in assets and liabilities	–	–	0.4	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 346.6</b>	<b>1 346.6</b>	<b>1 295.0</b>	<b>1 825.2</b>	<b>37.1</b>	<b>1 862.3</b>	<b>1 836.3</b>
Provinces and municipalities	180.0	180.0	163.2	338.0	6.6	344.6	323.6
Departmental agencies and accounts	926.3	925.1	949.6	1 202.7	44.7	1 247.4	1 242.4
Households	240.3	241.6	182.2	284.5	(14.3)	270.3	270.3
<b>Payments for capital assets</b>	<b>5.1</b>	<b>5.1</b>	<b>2.1</b>	<b>5.4</b>	<b>–</b>	<b>5.4</b>	<b>5.4</b>
Machinery and equipment	5.1	5.1	2.1	5.4	–	5.4	5.4
<b>Total</b>	<b>1 608.0</b>	<b>1 607.8</b>	<b>1 585.8</b>	<b>2 117.1</b>	<b>43.2</b>	<b>2 160.3</b>	<b>2 126.3</b>

**Table 12.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	81.4	95.1	107.2	139.0	146.3	154.8	164.0
Unit cost (R million)	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Personnel numbers (head count)	403	414	501	431	461	491	521
<b>Interns</b>							
Compensation of interns (R million)	1.1	–	–	–	–	–	–
Unit cost (R million)	0.0	–	–	–	–	–	–
Number of interns	30	–	–	–	–	–	–
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>82.5</b>	<b>95.1</b>	<b>107.2</b>	<b>139.0</b>	<b>146.3</b>	<b>154.8</b>	<b>164.0</b>
<b>Unit cost (R million)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
<b>Personnel numbers (head count)</b>	<b>433</b>	<b>414</b>	<b>501</b>	<b>431</b>	<b>461</b>	<b>491</b>	<b>521</b>

**Table 12.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	82.5	95.1	107.2	139.0	147.2	156.3	165.5
Training expenditure (R million)	0.8	2.4	3.1	2.0	2.1	2.3	2.4
Training as percentage of compensation	1.0%	2.6%	2.9%	1.4%	1.5%	1.5%	1.4%
Total number trained in department (head count)	69	74	108	122			
<i>of which:</i>							
Employees receiving bursaries (head count)	55	59	90	82			
Internships trained (head count)	20	94	100	86			

**Table 12.D Summary of conditional grants to provinces and municipalities<sup>1</sup>**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
<b>Conditional grants to provinces</b>							
<b>6. National Archives, Records, Libraries and Heraldic Services</b>							
Community library services grant	–	–	163.2	344.6	440.6	494.0	523.6
<b>Total</b>	<b>–</b>	<b>–</b>	<b>163.2</b>	<b>344.6</b>	<b>440.6</b>	<b>494.0</b>	<b>523.6</b>

1. Detail provided in the Division of Revenue Act (2009)

Table 12.E Summary of expenditure on infrastructure

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)											
National Library of SA Pretoria Campus: Construction of new building	Library	Long term and increased access to resources and national documentary heritage	Complete	363.2	116.8	137.4	94.5	14.5	–	–	–
	Archives	Long term and increased access to resources	Planning	–	0.0	1.6	33.5	0.0	0.1	0.1	0.1
	National Archives: Additional accommodation	Heritage institution	Nation building	Construction	649.9	19.8	111.6	40.5	144.0	200.0	134.0
Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)											
Construction of Nelson Mandela Museum	Heritage institution		Complete	10.5	9.7	0.8	–	–	–	–	–
Repair of main breakwater walls at Robben Island Museum	Heritage institution		Complete	1.8	1.6	0.2	–	–	–	–	–
Extension of main and secondary break water walls at Robben Island Museum	Heritage institution		Complete	5.0	4.8	0.2	–	–	–	–	–
Iziko Museum: National Mutual Building	Heritage institution		Construction	116.7	4.9	11.1	49.8	20.9	30.0	–	–
Small projects or programmes (costing less than R50 million per annum)											
Upgrading, repair and maintenance in various heritage Institutions	Heritage institutions		Ongoing	–	48.1	46.6	58.7	307.5	362.1	549.9	619.9
Total				1 147.1	205.6	309.5	276.9	486.9	592.3	684.0	620.0

# Vote 13

## Education

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	225.9	223.1	0.2	2.6	244.1	258.1
System Planning and Monitoring	115.4	112.2	–	3.1	127.1	135.4
General Education	315.5	137.4	177.5	0.7	342.3	363.9
Further Education and Training	210.9	153.9	55.6	1.4	295.8	427.8
Social and School Enrichment	2 890.9	495.5	2 394.5	0.9	4 188.3	5 135.8
Higher Education	17 498.1	23.3	17 474.5	0.3	19 908.0	21 774.1
Auxiliary and Associated Services	30.5	18.5	11.8	0.1	32.2	33.9
<b>Total expenditure estimates</b>	<b>21 287.2</b>	<b>1 164.0</b>	<b>20 114.1</b>	<b>9.1</b>	<b>25 137.9</b>	<b>28 129.2</b>
Executive authority	Minister of Education					
Accounting officer	Director-General of Education					
Website address	www.education.gov.za					

### Aim

*The aim of the Department of Education is to develop, maintain and support a South African education and training system for the 21<sup>st</sup> century.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Policy formulation and the overall management of the department.

#### Programme 2: System Planning and Monitoring

**Purpose:** Provide strategic direction in the development, implementation and monitoring of education policies, programmes and projects.

#### Programme 3: General Education

**Purpose:** Develop, implement, monitor, evaluate and maintain national policy, programmes and systems for general education and quality assurance in support of and in cooperation with provincial education departments.

#### Programme 4: Further Education and Training

**Purpose:** Plan, develop, evaluate, monitor and maintain national policy, programmes and systems for further education and training, including national assessments and quality assurance systems in support of and in cooperation with provincial education departments.

## **Programme 5: Social and School Enrichment**

**Purpose:** Provide strategic direction for the development of policies and programmes to ensure continuous improvement in the quality of learning in schools and for illiterate adults.

## **Programme 6: Higher Education**

**Purpose:** Provide strategic direction, policy and regulatory frameworks for an effective and efficient higher education system so that it contributes to fulfilling South Africa's human resources, research and knowledge needs. Provide financial support to higher education institutions including funding the National Student Financial Aid Scheme.

## **Programme 7: Auxiliary and Associated Services**

**Purpose:** Coordinate effective international relations and provide support and advice to provincial education departments.

## **Strategic overview: 2005/06 – 2011/12**

Quality education for all South Africans is the department's key aim and will be achieved by ensuring the full and effective implementation of successful policies developed over the past decade, and by reviewing and refining those that have presented problems.

### **Legislative changes**

Parliament's approval of the following pieces of legislation is likely to lead to changes in the education and training environment over the medium term: the National Qualifications Framework Bill, the Higher Education Amendment Bill, the General and Further Education and Training Quality Assurance Amendment Bill and the Skills Development Amendment Bill. The proposed amendments are aimed at clarifying the revised roles and responsibilities of institutions within the national qualifications framework, such as: Umalusi for the General and Further Education and Training Quality Assurance Amendment Bill; the Council for Higher Education for higher education; and the new Quality Council for Trade and Occupations for the Skills Development Bill. Quality assurance will no longer be the exclusive responsibility of the South African Qualifications Authority, as these entities will be responsible for quality assurance in their respective domains.

Core, scarce and critical skills development for accelerating economic growth will also be improved with the implementation of the revised human resource development strategy for South Africa during 2009/10.

### **Developments in higher education**

The transformation process in the higher education sector, which was consolidated in 2005/06, has been the key focus over the past few years. As part of this process, the boards of the National Institute for Higher Education in Mpumalanga and Northern Cape were established in 2008. National Treasury and the department conducted a collaborative higher education funding review in 2008 to ensure that the sector is financially sustainable and to assist institutions to meet their equity and development goals. The review proposed funding options for block grants and financial aid for students and infrastructure. A new funding formula was devised for distributing funds to universities for clinical training in the health sciences, and determining the additional funds required if student enrolments in clinical training programmes increase.

Appropriate policies and criteria for research and teaching development grants for higher education institutions will be developed. The department will continue to assist institutions with capacity building and to support student leadership councils. A framework for the internationalisation of higher education systems, aimed at promoting student exchanges and collaboration between South Africa and global institutions on issues like research and the mobility of students between institutions, will be developed. The framework also provides for ongoing support to entities in producing quality graduates required for social and economic development.

## Policy developments

Policy developments continue to build on the transformation successes of the past. These include programmes on the national curriculum statement, teacher development, inclusive education, literacy, recapitalisation of further education and training colleges, the national school nutrition programme, the education management information system, the integrated quality management system, no-fee schools and higher education reforms.

## School infrastructure

In 2007, with technical support from the World Bank, the department developed a far reaching policy on an enabling physical teaching and learning environment. The policy provides guidelines on the equitable provision of school infrastructure and the efficient use of resources, and outlines clear roles and responsibilities for all role players in the provision of school infrastructure. Following Cabinet's approval of the policy in November 2008, the proposed norms and standards for school infrastructure were released for public comment.

## Organisation for Economic Cooperation and Development policy review

While the policy review conducted by the Organisation for Economic Cooperation and Development in 2008 praised current policies, it also highlighted the need for enforcing reforms due to the implementation challenges encountered by officials, communities, enterprises, educators, parents and students under changing and diverse conditions. A set of key recommendations relating to governance and management, the curriculum, vocational education and its links to the labour market, inclusive education, teacher education and higher education were presented for consideration by the education sector.

## Pro-poor funding policy and no-fee schools

School funding norms have improved equity in inputs into schooling and strengthened the pro-poor emphasis in the funding of schools. The no-fee schools policy aims to improve the resourcing of the country's poorest schools to increase access and reduce marginalisation. This policy will also extend government's anti-poverty drive by reducing pressure on poor households to pay school fees. Over the medium term, quintile 3 schools will also become no-fee schools.

## Focus over the medium term

Over the MTEF period, the department will continue to address poverty in schools, skills shortages, quality improvements, health in education, institutional development, and higher education. The department is strengthening the educator based appraisal system as part of the integrated quality management system.

A national education evaluation unit will be established to evaluate all schools and teachers over a particular period. Evaluations will be conducted by independent evaluators, and learner performance will be an important indicator. A project to recapitalise 100 technical schools by providing them with infrastructure, new equipment and workshops to support quality curriculum delivery will be introduced during 2009/10. The main emphasis of this project will be on completing frameworks and plans, with the recapitalisation of technical schools set to begin in 2010/11.

The national school nutrition programme will be extended to all secondary schools in quintiles 1 to 3 over the medium term, starting with those in quintile 1 in 2009/10.

## Selected performance and operations indicators

**Table 13.1 Education**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of students enrolled in higher education institutions	Higher Education	735 000	741 000	761 100	783 900	800 000	816 400	836 810
Proportion of higher education enrolments in science, engineering and technology: business: humanities	Higher Education	29:29:42	29:30:41	28:30:42	30:31:39	30:32:38	30:33:37	30:33:37
Number of higher education graduates per year	Higher Education	120 000	124 000	126 900	133 000	137 000	141 900	147 576
Number of new learners enrolled in the Kha Ri Gude mass literacy campaign per year	Social and School Enrichment	–	–	–	360 000	352 000	356 000	360 000



**Table 13.1 Education (continued)**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of learners who completed the Kha Ri Gude course per year	Social and School Enrichment	–	–	–	342 000	334 400	338 200	342 000
Number of primary school learners fed a meal each school day per year	Social and School Enrichment	5 million	6 million	6 million	6.1 million	7.4 million	7.6 million	7.8 million
Percentage of matric maths higher grade (or equivalent) passes at the Dinaledi schools per year <sup>1</sup>	Further Education and Training	64.2% (6 000)	57.3% (6 124)	52.3% (6 105)	50.1% (15 184)	52.65% –	55.28% –	58.04% –
Percentage of matric science higher grade (or equivalent) passes at the Dinaledi schools per year <sup>1</sup>	Further Education and Training	51.4% (6 725)	50.8% (6 936)	43.8% (6 397)	30% (8 289)	31.5% –	33.1% –	34.8% –
Total number of learners captured by the learner unit record information tracking system	System Planning and Monitoring	–	–	–	4.2 million	8.7 million	12.5 million	All learners
Total number of public ordinary schools interacting with learner unit record information tracking system regularly to update learner data	System Planning and Monitoring	–	–	–	7 400	20 000	27 000	All schools
Number of public ordinary schools moderated through school based integrated quality management system evaluations per year	System Planning and Monitoring	–	–	–	–	7 500	8 500	9 500

1. There is no differentiation between higher and standard grade in the national curriculum statement, for which the first Grade 12 exams were written in 2008. A pass percentage of 50 per cent and above in the national curriculum statement is considered an equivalent to higher grade.

## Expenditure estimates

**Table 13.2 Education**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	132.5	147.2	162.6	198.1	198.1	225.9	244.1	258.1
2. System Planning and Monitoring	34.2	36.4	52.0	118.5	109.0	115.4	127.1	135.4
3. General Education	224.5	228.3	258.3	357.7	323.1	315.5	342.3	363.9
4. Further Education and Training	238.5	710.9	1 131.7	1 051.8	1 094.7	210.9	295.8	427.8
5. Social and School Enrichment	1 144.5	1 141.5	1 280.6	2 433.0	2 429.9	2 890.9	4 188.3	5 135.8
6. Higher Education	10 646.8	11 956.9	13 322.9	15 561.7	15 560.0	17 498.1	19 908.0	21 774.1
7. Auxiliary and Associated Services	15.8	28.7	33.2	28.6	28.6	30.5	32.2	33.9
<b>Total</b>	<b>12 436.8</b>	<b>14 249.8</b>	<b>16 241.3</b>	<b>19 749.4</b>	<b>19 743.4</b>	<b>21 287.2</b>	<b>25 137.9</b>	<b>28 129.2</b>
Change to 2008 Budget estimate				891.8	885.8	1 092.8	2 048.4	3 664.4

### Economic classification

	480.5	535.6	857.7	1 222.6	1 219.1	1 164.0	1 241.4	1 316.6
<b>Current payments</b>								
Compensation of employees	188.8	207.0	249.7	308.1	308.1	346.0	366.8	384.6
Goods and services	281.2	307.8	576.4	914.5	911.0	818.0	874.6	932.0
of which:								
Administrative fees	0.9	1.0	2.0	1.2	1.2	30.2	32.1	34.1
Advertising	5.2	13.8	40.4	15.8	27.3	12.8	13.4	14.1
Assets less than R5 000	1.9	2.7	3.4	2.0	2.0	1.4	1.3	1.5
Audit costs: External	4.0	2.7	3.2	4.6	4.6	4.0	4.4	4.5
Catering: Departmental activities	0.2	2.4	1.3	4.9	4.3	3.5	3.4	3.9
Communication	5.4	6.2	6.4	6.7	7.0	7.3	8.0	8.4
Computer services	61.4	35.6	47.1	46.2	46.2	47.6	49.6	53.0
Consultants and professional services: Business and advisory service	9.5	9.2	2.2	49.7	2.5	33.1	37.9	41.7
Consultants and professional services: Infrastructure and planning	–	–	0.0	0.5	40.2	1.5	0.9	0.1
Consultants and professional services: Legal costs	0.6	0.6	0.9	1.4	1.4	1.5	1.1	1.2
Contractors	2.4	2.4	14.4	2.3	2.3	5.4	4.0	4.6
Agency and support / outsourced services	35.3	45.7	39.0	91.9	84.0	237.1	263.7	277.7
Government motor transport (Trading account)	0.1	2.8	1.7	1.9	1.9	1.6	1.7	1.8

Table 13.2 Education (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>480.5</b>	<b>535.6</b>	<b>857.7</b>	<b>1 222.6</b>	<b>1 219.1</b>	<b>1 164.0</b>	<b>1 241.4</b>	<b>1 316.6</b>
<i>Inventory: Learner and teacher support material</i>	19.2	15.6	2.4	7.9	23.1	3.3	1.4	3.9
<i>Inventory: Materials and supplies</i>	0.2	0.4	0.1	0.1	0.1	0.1	2.3	0.0
<i>Inventory: Other consumables</i>	0.5	1.2	0.6	0.7	0.7	0.5	0.5	0.5
<i>Inventory: Stationery and printing</i>	11.8	14.1	22.8	239.9	141.0	175.2	176.9	189.3
<i>Lease payments</i>	20.5	24.5	25.1	24.8	5.7	81.2	94.5	101.3
<i>Owned and leasehold property expenditure</i>	1.8	2.1	1.5	3.4	20.1	4.2	4.6	4.5
<i>Travel and subsistence</i>	64.0	66.4	72.2	80.1	87.9	67.8	70.2	75.1
<i>Training and development</i>	1.7	14.7	25.6	37.8	71.1	24.5	25.9	27.6
<i>Operating expenditure</i>	24.4	30.2	251.9	272.4	318.2	56.4	57.8	61.7
<i>Venues and facilities</i>	9.4	12.9	11.8	17.6	17.6	17.3	18.1	20.7
Financial transactions in assets and liabilities	10.5	20.8	31.6	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>11 942.2</b>	<b>13 708.7</b>	<b>15 375.7</b>	<b>18 518.3</b>	<b>18 512.3</b>	<b>20 114.1</b>	<b>23 887.5</b>	<b>26 803.5</b>
Provinces and municipalities	1 249.0	1 712.7	2 008.0	2 915.4	2 909.4	2 571.9	3 931.4	4 978.1
Departmental agencies and accounts	943.1	995.9	1 412.7	1 787.3	1 787.3	2 233.0	2 426.7	2 809.3
Universities and technikons	9 740.3	10 985.7	11 941.5	13 803.4	13 803.4	15 297.2	17 516.7	19 002.7
Foreign governments and international organisations	9.4	9.0	11.0	11.5	11.5	11.9	12.6	13.3
Non-profit institutions	–	–	0.1	0.1	0.1	0.1	0.1	0.1
Households	0.3	5.5	2.4	0.6	0.6	–	–	–
<b>Payments for capital assets</b>	<b>14.1</b>	<b>5.5</b>	<b>7.9</b>	<b>8.5</b>	<b>12.0</b>	<b>9.1</b>	<b>9.0</b>	<b>9.2</b>
Machinery and equipment	13.8	5.4	7.6	8.3	10.0	9.0	8.9	9.1
Software and other intangible assets	0.3	0.0	0.3	0.2	2.0	0.1	0.0	0.1
<b>Total</b>	<b>12 436.8</b>	<b>14 249.8</b>	<b>16 241.3</b>	<b>19 749.4</b>	<b>19 743.4</b>	<b>21 287.2</b>	<b>25 137.9</b>	<b>28 129.2</b>

## Expenditure trends

Expenditure increased from R12.4 billion in 2005/06 to R19.7 billion in 2008/09 at an average annual rate of 16.7 per cent, and is expected to grow at an average annual rate of 12.5 per cent over the medium term to reach R28.1 billion in 2011/12. Increases for both periods are mainly due to increases in the national school nutrition programme, the higher education subsidy and the mass literacy campaign.

Spending is dominated by the *Higher Education* programme, which comprises an average of 81 per cent of total expenditure annually. This programme consists mainly of transfers to higher education institutions and the National Student Financial Aid Scheme. The decrease in provincial transfers from R2.9 billion in 2008/09 to R2.6 billion in 2009/10 is because the conditional grant for further education and training recapitalisation ended in 2008/09, after which the allocation is phased into the provincial equitable share. This also explains the expected decline in the *Further Education and Training* programme in that year. However, the additional allocations provided for the technical schools recapitalisation conditional grant (R80 million in 2010/11 and R200 million in 2011/12) increase expenditure in the *Further Education and Training* programme to R427.8 million in 2011/12.

Expenditure on goods and services fluctuates over the seven-year period. The 87.3 per cent increase in 2007/08 was due to the additional allocation for the recovery plan after the teacher strike in 2007, and the 58.6 per cent increase in 2008/09 is due mainly to an additional allocation of R107 million for the mass literacy project in the 2008 adjusted Budget. These once-off allocations also explain the fluctuating trend in inventory: stationery and printing and operating expenditure, as well as the more moderate projected growth of 0.6 per cent in goods and services over the medium term.

Expenditure in the *General Education* programme declines by 11.8 per cent in 2009/10. This is due mainly to the once-off increase of R50 million in 2008/09 for the department to conduct a systemic evaluation of schools for grades 1 to 6.

The rapid increase in expenditure over the medium term in the *Social and School Enrichment* programme, at an average annual rate of 28.3 per cent, is due to the provision for the mass literacy campaign and increases in the national school nutrition programme.

The 2009 Budget provides additional allocations over the MTEF period of R1.1 billion (2009/10), R2.1 billion (2010/11) and R3.7 billion (2011/12), mainly for:

- the national school nutrition programme conditional grant (R577.3 million, R1.3 billion and R2.1 billion)
- monitoring the national school nutrition programme (R6 million, R6.6 million and R7.3 million)
- higher education institutions (R480.2 million, R583 million and R1.1 billion)
- the National Student Financial Aid Scheme (R63 million, R101 million and R344 million)
- the national education evaluation unit (R6 million, R12 million and R13 million)
- technical secondary schools recapitalisation (R5 million, R80 million and R200 million)
- personnel inflation adjustments (R7.4 million, R6.6 million and R6.9 million)
- capital inflation adjustments (R263 000, R437 000 and R560 000).

### Savings and reprioritisation

Efficiency savings of R159 million over the MTEF period have been identified in all programmes:

- R151.9 million on goods and services
- R2.6 million on transfers to departmental agencies and accounts
- R4.6 million on capital assets.

Under goods and services, cuts will mainly be made in travel and subsistence, printing and publications, and consultancy fees.

## Departmental receipts

Departmental receipts are not significant and arise mainly from the repayment of government loans by higher education institutions and fees for technical examinations. In 2005/06, there was an increase in income from administration fees, mainly from examination fees.

**Table 13.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>13 429</b>	<b>6 761</b>	<b>8 738</b>	<b>7 231</b>	<b>7 914</b>	<b>7 767</b>	<b>7 987</b>	<b>8 200</b>
Sales of goods and services produced by department	2 607	876	1 095	1 015	1 257	1 330	1 401	1 466
Sales of scrap, waste, arms and other used current goods	16	5	–	61	91	150	102	108
Transfers received	627	43	193	13	45	–	–	–
Interest, dividends and rent on land	4 300	4 158	4 050	4 110	4 110	4 192	4 276	4 286
Sales of capital assets	–	236	32	50	50	–	–	–
Financial transactions in assets and liabilities	5 879	1 443	3 368	1 982	2 361	2 095	2 208	2 340
<b>Total</b>	<b>13 429</b>	<b>6 761</b>	<b>8 738</b>	<b>7 231</b>	<b>7 914</b>	<b>7 767</b>	<b>7 987</b>	<b>8 200</b>

## Programme 1: Administration

### Expenditure estimates

Table 13.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Minister <sup>1</sup>	1.0	1.1	1.1	1.2	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.8	0.8	1.0	1.0	1.4	1.5	1.6
Management	37.5	44.3	54.1	52.9	59.2	62.3	65.2
Corporate Services	76.5	82.5	87.7	122.0	140.4	152.9	162.3
Property Management	16.7	18.4	18.7	21.1	23.2	25.6	27.1
<b>Total</b>	<b>132.5</b>	<b>147.2</b>	<b>162.6</b>	<b>198.1</b>	<b>225.9</b>	<b>244.1</b>	<b>258.1</b>
Change to 2008 Budget estimate				(4.5)	6.5	4.7	3.6

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

#### Economic classification

<b>Current payments</b>	<b>127.0</b>	<b>142.5</b>	<b>157.5</b>	<b>196.1</b>	<b>223.1</b>	<b>241.4</b>	<b>255.4</b>
Compensation of employees	50.5	54.3	63.6	77.8	85.8	89.7	93.8
Goods and services	66.1	77.6	76.3	118.3	137.3	151.7	161.6
of which:							
Administrative fees	0.1	0.1	0.3	0.6	1.1	1.2	1.2
Advertising	2.0	5.6	6.0	3.8	3.2	3.5	3.6
Assets less than R5 000	0.6	1.1	1.0	0.5	0.3	0.3	0.4
Audit costs: External	4.0	2.7	3.2	3.8	3.7	4.0	4.1
Catering: Departmental activities	0.2	0.1	0.2	0.2	0.3	0.1	0.1
Communication	2.6	2.7	2.9	2.9	2.8	2.9	3.0
Computer services	10.2	14.2	15.1	14.7	16.3	18.9	20.4
Consultants and professional services: Business and advisory service	2.7	8.4	1.6	43.4	0.7	0.3	0.3
Consultants and professional services: Infrastructure and planning	–	–	–	0.5	1.5	0.9	0.1
Consultants and professional services: Legal costs	–	0.0	–	–	0.5	0.1	0.1
Contractors	1.3	1.0	1.9	0.6	1.7	0.3	0.3
Agency and support / outsourced services	2.4	0.6	1.2	2.2	0.6	1.1	0.2
Entertainment	0.5	0.2	0.3	0.4	0.3	0.4	0.4
Government motor transport (Trading account)	0.0	1.5	1.1	1.0	0.7	0.8	0.8
Inventory: Learner and teacher support material	0.0	0.4	1.0	0.3	0.3	0.3	0.3
Inventory: Other consumables	0.4	0.3	0.4	0.6	0.5	0.5	0.5
Inventory: Stationery and printing	2.4	2.8	1.9	3.4	2.8	2.8	3.0
Lease payments	16.7	19.1	18.6	20.1	76.8	90.1	96.4
Owned and leasehold property expenditure	1.8	1.7	1.4	3.4	3.6	4.0	3.8
Travel and subsistence	12.8	10.6	14.1	11.9	14.9	15.0	17.2
Training and development	0.4	1.0	0.9	0.4	0.5	0.5	0.5
Operating expenditure	4.2	2.8	2.2	2.8	2.4	2.6	2.6
Venues and facilities	0.4	0.2	0.8	0.4	1.4	0.9	1.9
Financial transactions in assets and liabilities	10.4	10.6	17.6	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.4</b>	<b>1.6</b>	<b>2.0</b>	<b>0.5</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Provinces and municipalities	0.2	0.0	–	–	–	–	–
Departmental agencies and accounts	0.1	0.1	0.2	0.1	0.1	0.1	0.2
Non-profit institutions	–	–	–	0.1	0.1	0.1	0.1
Households	0.1	1.4	1.9	0.3	–	–	–
<b>Payments for capital assets</b>	<b>5.1</b>	<b>3.0</b>	<b>3.1</b>	<b>1.5</b>	<b>2.6</b>	<b>2.5</b>	<b>2.5</b>
Machinery and equipment	5.0	3.0	3.0	1.5	2.6	2.5	2.5
Software and other intangible assets	0.1	0.0	0.1	0.1	0.0	0.0	0.0
<b>Total</b>	<b>132.5</b>	<b>147.2</b>	<b>162.6</b>	<b>198.1</b>	<b>225.9</b>	<b>244.1</b>	<b>258.1</b>

## Expenditure trends

Expenditure increased at an average annual rate of 14.4 per cent, from R132.5 million in 2005/06 to R198.1 million in 2008/09. It will increase further over the medium term at an average annual rate of 9.2 per cent, reaching R258.1 million in 2011/12. The increase for both periods, evident in the *Corporate Services* subprogramme, can be attributed to the construction of a new head office building for the department, which began in 2007. This also explains the high consultancy fees in 2006/07 and in 2008/09 the rapid increase in lease payments over the MTEF period.

Cost containment measures over the medium term have been identified within this programme, totalling R6.9 million in goods and services.

## Programme 2: System Planning and Monitoring

- *Education Human Resources Management* manages human resources, and develops college and school educators, and educator labour relations. Funding is mainly used for the integrated quality management system project.
- *Information Monitoring and Evaluation* develops information systems for the education and training sector, and monitors and evaluates the performance of the education system. Funding is mainly used for the education management information system project.
- *Financial and Physical Planning and Analysis* focuses on cross-cutting aspects, such as financial and physical resource planning and coordination with provinces for implementing national policy. It also provides support to provinces on budgetary matters. Funding is mainly used for salaries, and other personnel related costs.
- *Legal and Legislative Services* manages the legal and legislative service for the department, and monitors and supports provincial education departments in legal and legislative matters. Funding is mainly used for salaries, and other personnel related costs.

## Objectives and measures

- Improve infrastructure planning and monitoring by providing up to date information for the fourth quarter of 2008/09 to provinces by March 2010.
- Improve planning and monitoring of the equitable distribution of education funding in support of education policies by:
  - producing 2 monitoring reports by June and December each year
  - ensuring that the norms and standards, including for inclusive education and special schools, are implemented over the next 3 years.
- Improve optimal budgeting processes by producing final sector priority papers by August each year.
- Ensure coordination and integration of short, medium and long term provision of core, scarce and critical skills by establishing an interdepartmental committee to implement the revised human resource development strategy for South Africa 2009 to 2014, and completing the stakeholder consultation in 2009/10.
- Improve monitoring and evaluation of education by developing a monitoring and evaluation framework using macro and service delivery indicators by March 2010.
- Ensure the availability of critical system information by collecting data according to the education management and information system standards and producing a database and reports every year.
- Develop a human resource management system and implement it at 50 per cent of office based institutions in the education sector by March 2010.
- Monitor the implementation of signed collective agreements on conditions of service for educators and analyse the implications by producing a report annually.

## Service delivery and spending focus

The revised human resource development strategy was approved by Cabinet for consultation with social partners. A draft rollout plan was developed and discussed among all stakeholders in 2008. The mapping of existing human resource systems onto the draft human resource development strategy began in-house and was released to stakeholders for comment in 2008.

A draft simplified integrated quality management system was developed. A ministerial committee for the national education evaluation unit was established.

The national education information management system server was moved from the service provider to the South African State Information Technology Agency to allow departmental officials to have direct access and thus generate reports more quickly.

The development of the learner unit record information tracking system was completed and implementation was rolled out in all provinces. Learner data is being uploaded onto the system daily, using the South African schools administration management system school software package.

A service provider was appointed to evaluate the implementation of the school funding norms and standards and to develop a longer term monitoring strategy for the national funding norms. Revised further education and training funding norms were also developed.

The main focus of this programme over the MTEF period is to establish a national education evaluation unit to evaluate all schools and teachers over a particular period. Evaluations will be conducted by independent evaluators, and learner performance will be an important indicator in these evaluations. In addition, the integrated quality management system unit will be expanded over the medium term to strengthen the educator based appraisal system.

## Expenditure estimates

**Table 13.5 System Planning and Monitoring**

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Education Human Resources Management	5.9	6.5	7.8	36.3	55.0	63.4	67.4
Information Monitoring and Evaluation	17.0	10.7	31.4	42.5	40.4	42.7	45.9
Financial and Physical Planning and Analysis	7.5	15.5	7.9	33.3	12.5	13.3	13.9
Legal and Legislative Services	3.8	3.8	4.7	6.4	7.4	7.8	8.2
<b>Total</b>	<b>34.2</b>	<b>36.4</b>	<b>52.0</b>	<b>118.5</b>	<b>115.4</b>	<b>127.1</b>	<b>135.4</b>
Change to 2008 Budget estimate				20.4	5.8	11.4	8.5
<b>Economic classification</b>							
<b>Current payments</b>	<b>33.8</b>	<b>33.4</b>	<b>50.8</b>	<b>92.6</b>	<b>112.2</b>	<b>124.0</b>	<b>132.3</b>
Compensation of employees	17.3	18.6	22.1	46.1	62.2	65.7	68.8
Goods and services	16.6	14.8	28.7	46.6	50.0	58.3	63.4
of which:							
Advertising	0.0	0.3	1.5	1.5	0.4	0.5	0.5
Assets less than R5 000	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Catering: Departmental activities	–	0.0	0.1	0.1	0.5	0.6	0.7
Communication	0.3	0.3	0.3	0.4	0.8	1.1	1.1
Computer services	3.3	1.2	10.8	15.7	17.4	18.5	19.6
Consultants and professional services: Business and advisory service	0.0	0.1	–	3.4	17.1	19.0	21.5
Consultants and professional services: Legal costs	0.6	0.6	0.9	1.4	1.0	1.0	1.0
Contractors	0.1	0.2	2.3	0.1	0.0	0.0	0.0
Agency and support / outsourced services	5.8	8.7	8.1	16.5	0.3	0.2	0.2
Inventory: Stationery and printing	0.4	0.4	0.3	1.2	2.5	3.2	3.5
Lease payments	0.0	0.1	0.0	0.1	–	–	–
Travel and subsistence	4.6	1.4	1.8	4.6	8.5	12.0	12.9
Training and development	0.0	0.0	0.0	–	0.5	0.9	1.0
Operating expenditure	0.4	0.8	1.6	1.0	0.3	0.3	0.3
Venues and facilities	0.9	0.5	0.6	0.5	0.7	0.8	0.9
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–



**Table 13.5 System Planning and Monitoring (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>2.7</b>	<b>–</b>	<b>22.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.1	0.0	–	22.0	–	–	–
Departmental agencies and accounts	0.0	0.0	–	–	–	–	–
Households	–	2.6	–	0.0	–	–	–
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.4</b>	<b>1.1</b>	<b>3.9</b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>
Machinery and equipment	0.2	0.4	1.1	3.7	3.1	3.1	3.1
Software and other intangible assets	0.1	–	0.1	0.1	–	–	–
<b>Total</b>	<b>34.2</b>	<b>36.4</b>	<b>52.0</b>	<b>118.5</b>	<b>115.4</b>	<b>127.1</b>	<b>135.4</b>

**Details of selected transfers and subsidies**

<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Current</b>	–	–	–	<b>22.0</b>	–	–	–
Disaster management grant	–	–	–	22.0	–	–	–

**Expenditure trends**

Expenditure increased at an average annual rate of 51.3 per cent, from R34.2 million in 2005/06 to R118.5 million in 2008/09. Expenditure is expected to increase more slowly over the medium term, at an average annual rate of 4.6 per cent, reaching R135.4 million in 2011/12. The increases over both periods are evident in the *Education Human Resources Management* and *Information Monitoring and Evaluation* subprogrammes. The increases are due mainly to additional funding for the integrated quality management system introduced in 2007/08, improvements to the education management information system and for the national education evaluation unit to be introduced in 2009/10. These projects also account for the high consultancy fees over the MTEF period.

An additional once-off allocation of R22 million made in the 2008 adjusted Budget to rebuild and repair schools affected by storms in Mpumalanga and KwaZulu-Natal accounts for the increase in transfers to provinces in 2008/09.

Spending on compensation of employees increased rapidly in 2008/09 due to the provision for additional posts for the integrated quality management system.

The department has identified cost containment measures over the medium term within this programme totalling R11.8 million in goods and services.

**Programme 3: General Education**

- *General Education and Training, Curriculum and Assessment* develops and implements the curriculum and related programmes and systems for general education, and for evaluating and maintaining policy initiatives. Funding is mainly used for the transfer payment of the HIV and AIDS conditional grant to provincial education departments, which are divided among the provinces using the education component of the equitable share formula (as explained in Annexure W1 to the Budget Review).
- *Institutional Development* develops policies and programmes to promote district development and management, and governance capacity in education. Funding is mainly used for salaries, and other personnel related costs.
- *Teacher Education* develops policies and programmes to promote the development of educators, and evaluates qualifications for employment in education. Funding is mainly used for the teacher development: mathematics and science project.

- *Quality Promotion and Assurance* strengthens the understanding of the performance of learners and institutions across the education system, and increases the levels of accountability for educational outcomes at all levels of the system. Funding is mainly used for the systemic evaluation project.

### **Objectives and measures:**

- Improve education outcomes by increasing the number of 5-year old learners enrolled in publicly funded Grade R classes in public primary schools and community based early childhood development sites from the current 701 740 to 800 000 by January 2010.
- Improve service delivery of education districts by:
  - conducting an audit of education district capacities and developing a plan for the resourcing of these over the next 3 years
  - developing an implementation plan for the rollout of the policy on the organisation, roles and responsibilities of districts by March 2010.
- Improve school management by March 2010 by:
  - supporting the monitoring and evaluation of the national management of school programmes
  - developing national school management programmes and guidelines
  - setting up a database of trained school managers
  - conducting an impact study on the advanced certificate in education: school leadership
  - developing guidelines for representative councils of learners.
- Improve the teacher provisioning model by developing systems to capture up to date data on teacher provision over the next 3 years.
- Attract more people to become teachers through a recruitment campaign in nationally defined priority areas in 2009/10.
- Coordinate and monitor the delivery of accredited continuing professional development programmes.
- Align and update the policy documents on norms and standards for educators and the criteria for the recognition and evaluation of qualifications for employment in education over the next 3 years.
- Ensure that all teacher qualifications are of an appropriate standard by evaluating and approving qualifications and new or revised programmes for teacher education for purposes of employment in education and relative education qualification values recognition in accordance with relevant policy.
- Strengthen assessment at school level by providing assessment exemplars in the intermediate phase in language and mathematics and national assessment tests for grades 1 to 6 over the next 3 years.
- Strengthen internal school and external school evaluations by training school management teams and whole school evaluation supervisors on how to conduct evaluations over the next 3 years.

### **Service delivery and spending focus**

A diagnostic study of the Grade R sector across provinces was conducted in 2008. The findings of the study will give guidance on how to strengthen national, provincial and district capacity to achieve the 2010 Grade R target of universal Grade R enrolment.

During 2008, an assessment items bank for the foundation phase and the numeracy strategy was finalised. Concept maps for technology, natural sciences and education management systems were developed. A foundation phase conference was held to showcase good teaching practice in literacy and numeracy.

A sample of Grade 3 learners was tested in literacy and numeracy in 2007. Guides and templates to help schools conduct internal evaluations and school improvement plans to address areas of underperformance were developed and distributed to all schools in January 2009.

A successful print and broadcast media advertising campaign for recruiting trainee educators was conducted in 2008, and drew more applications for admission into teacher education programmes in 2009 than in previous years. In 2008, 5 428 full cost bursaries from the Funza Lushaka bursary programme were awarded to initial teacher education students in 23 higher education institutions across the country. 1 058 students graduated at the end of 2008, and will be placed in public schools in all provinces.



Over the medium term, one of the key focus areas will be to strengthen and build the management capacity of schools. The department will be supporting the monitoring and evaluation of the national management of school programmes, developing national school management programmes and guidelines, setting up a database of trained school managers, conducting an impact study on the advanced certificate in education: school leadership, and developing guidelines for representative councils of learners. A further focus is the development of teacher competence by ensuring that teacher qualifications and continuing professional development programmes are of an acceptable standard.

## Expenditure estimates

**Table 13.6 General Education**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
General Education and Training, Curriculum and Assessment	180.2	189.3	196.0	233.5	234.0	256.5	272.7
Institutional Development	13.6	12.4	12.0	17.5	15.6	16.2	17.1
Teacher Education	22.8	19.4	32.7	42.9	34.0	35.7	38.2
Quality Promotion and Assurance	7.9	7.2	17.6	63.9	32.0	34.0	36.0
<b>Total</b>	<b>224.5</b>	<b>228.3</b>	<b>258.3</b>	<b>357.7</b>	<b>315.5</b>	<b>342.3</b>	<b>363.9</b>
Change to 2008 Budget estimate				9.5	(15.1)	(16.6)	(6.7)

### Economic classification

<b>Current payments</b>	<b>84.6</b>	<b>82.5</b>	<b>97.9</b>	<b>186.0</b>	<b>137.4</b>	<b>153.5</b>	<b>163.8</b>
Compensation of employees	25.6	26.2	29.9	37.1	41.1	43.6	45.7
Goods and services	58.9	56.3	67.9	148.9	96.3	109.9	118.2
of which:							
Administrative fees	0.6	0.1	0.0	0.1	1.1	1.2	1.3
Advertising	1.2	4.1	3.4	2.6	1.0	1.0	1.1
Assets less than R5 000	0.3	0.2	0.3	0.4	0.3	0.3	0.3
Catering: Departmental activities	–	0.1	0.1	0.3	0.9	1.2	1.2
Communication	0.6	0.7	0.7	0.9	0.8	0.9	0.9
Computer services	0.0	–	0.1	0.0	0.3	0.3	0.4
Consultants and professional services: Business and advisory service	3.9	0.5	0.3	0.4	8.1	13.3	14.3
Contractors	0.1	0.2	0.5	0.2	0.9	1.9	2.4
Agency and support / outsourced services	6.2	6.0	4.6	34.9	8.4	9.8	9.7
Inventory: Learner and teacher support material	19.2	13.6	0.2	1.2	–	0.0	0.0
Inventory: Stationery and printing	3.2	1.5	2.6	42.6	33.3	37.6	40.8
Lease payments	0.1	0.3	0.7	0.1	0.0	0.0	0.0
Travel and subsistence	10.8	5.7	7.6	17.5	8.2	8.9	9.6
Training and development	1.1	9.0	22.5	31.2	22.7	23.7	25.3
Operating expenditure	10.2	13.1	23.1	12.4	6.0	4.8	5.0
Venues and facilities	1.4	0.8	1.0	3.9	3.9	4.8	5.5
Financial transactions in assets and liabilities	0.0	0.0	0.1	–	–	–	–
<b>Transfers and subsidies</b>	<b>139.1</b>	<b>145.4</b>	<b>159.8</b>	<b>171.2</b>	<b>177.5</b>	<b>188.1</b>	<b>199.4</b>
Provinces and municipalities	136.4	144.5	157.6	171.1	177.4	188.0	199.3
Departmental agencies and accounts	2.5	0.0	2.0	–	–	–	–
Foreign governments and international organisations	0.1	0.1	0.2	0.1	0.1	0.1	0.1
Households	0.1	0.8	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.8</b>	<b>0.4</b>	<b>0.6</b>	<b>0.5</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>
Machinery and equipment	0.7	0.4	0.6	0.5	0.7	0.6	0.6
Software and other intangible assets	0.1	–	–	–	–	–	–
<b>Total</b>	<b>224.5</b>	<b>228.3</b>	<b>258.3</b>	<b>357.7</b>	<b>315.5</b>	<b>342.3</b>	<b>363.9</b>

### Details of selected transfers and subsidies

<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Current</b>	<b>136.3</b>	<b>144.5</b>	<b>157.6</b>	<b>171.1</b>	<b>177.4</b>	<b>188.0</b>	<b>199.3</b>
HIV and AIDS (life skills education) grant	136.3	144.5	157.6	171.1	177.4	188.0	199.3

## Expenditure trends

Expenditure increased at an average annual rate of 16.8 per cent, from R224.5 million in 2005/06 to R357.7 million in 2008/09. This increase was due to additional funds provided to support the expansion of Grade R and early childhood development, the expansion of inclusive education and the increased allocation for the system wide evaluation focusing on grades 1 to 6 across all provinces in 2008/09. This also explains the fluctuating trend in goods and services. Expenditure is set to decrease in 2009/10 due to the increased allocation for systemic evaluation in 2008/09 and then increase slowly at an average annual rate of 0.6 per cent, reaching R363.9 million in 2011/12.

Cost containment measures over the medium term have been identified within this programme, totalling R12 million in goods and services.

## Programme 4: Further Education and Training

- *Educational Measurement, Assessment and Public Examinations* promotes the integrity of national assessments and the existence of quality assurance systems in further education and training. Funding is mainly used for the payment of examiners and moderators.
- *Further Education and Training: Schools* manages national policy, programmes and systems for further education and training, and is also responsible for curriculum enrichment, focusing on improving mathematics, science and technology and ICT training in schools, and youth development programmes. Funding is mainly used for transfer payments to Umalusi and the South African Qualification Authority, as well as the technical schools recapitalisation conditional grant that will be introduced in 2010/11.
- *Further Education and Training College Programmes, Qualifications and Institutional Support* provides the framework, coordination and support for further education and training colleges. Funding is mainly used for salaries, and other personnel related costs.

## Objectives and measures

- Monitor and support implementation of the national curriculum statement in all public schools over the next 3 years.
- Improve the quality of maths, science and technology education by providing support to and monitoring the performance and participation of 500 Dinaledi schools in these subjects in 2009/10 to increase the pass rates.
- Ensure quality practices in setting, moderating and administering Grade 12, further education and training college and adult basic education and training examinations by monitoring and supporting provinces in 2009/10.
- Reduce the number of underperforming schools by 10 per cent in all the provinces in 2009/10 by monitoring the implementation of a national strategy for learner attainment.
- Offer the national certificate (vocational) programmes effectively and efficiently by providing policy advice, monitoring and support to colleges and provinces over the medium term.
- Improve delivery of further education and training college programmes by monitoring and supporting the implementation of the further education and training college sector plan and the Further Education and Training Colleges Act (1996) over the next 3 years.
- Increase youth access to further education and training colleges and improve retention and throughput rates to 800 000 by 2014 by strengthening student support services and providing bursaries.
- Support the expansion and use of ICT in teaching and learning at schools and further education and training colleges in 2009/10 by developing enabling policies.
- Improve access to educational support material by maintaining and expanding the curriculum portal, Thutong, in 2009/10.

## Service delivery and spending focus

As 2008 was the first year that Grade 12 students would write the national senior certificate examinations based on the national curriculum statement, the state of readiness of all schools, further education and training colleges and adult basic education and training centres for hosting the examinations was closely monitored. To assist with the 2008 matriculation examinations, exemplar question papers were set and uploaded on the South African education portal, Thutong, and the department's website. The department's Study Mate guides for grades 11 and 12 students were distributed to schools, learner support material supplements were published in newspapers and Maths 911 workbooks, study guides and textbooks were provided to schools. (Maths 911 is a joint initiative between a number of private companies and the department, which distributes workbooks that cover the maths curriculum for grades 11 and 12 students across the country.)

Heads of departments for maths and science in 467 Dinaledi schools were trained by subject specialists on curriculum management and planning. A project to place additional tutors at schools for 50 hours of supplementary maths tutoring began in September 2008, in preparation for the 2008 national senior certificate examination for Grade 12. Teacher training manuals for science and maths were sent to 28 Dinaledi schools.

A career guidance catalogue was developed and distributed to further education and training colleges, provincial education departments and other stakeholders. A promotional campaign on further education and training colleges and their programmes and bursaries was also conducted in all provinces. Monitoring was done on the implementation of the student support services framework, and bursary workshops and student support service capacity building workshops were run at all 50 further education and training colleges.

The focus of the programme over the medium term is to continue to provide support for the implementation of the national curriculum statement by providing exemplar examination papers and setting examination papers in all subjects for grades 10 to 12. The department will also be providing ongoing support to further education and training colleges to improve the management of these colleges and their outputs.

## Expenditure estimates

**Table 13.7 Further Education and Training**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Education Measurement, Assessment and Public Examinations	86.9	111.0	188.7	147.3	108.5	112.5	118.3
Further Education and Training Schools	91.0	74.9	284.9	92.3	89.7	169.7	295.4
Further Education and Training College Programmes, Qualifications and Institutional Support	60.6	525.0	658.1	812.2	12.7	13.5	14.1
<b>Total</b>	<b>238.5</b>	<b>710.9</b>	<b>1 131.7</b>	<b>1 051.8</b>	<b>210.9</b>	<b>295.8</b>	<b>427.8</b>
Change to 2008 Budget estimate				28.4	7.8	84.6	206.5
<b>Economic classification</b>							
<b>Current payments</b>	<b>182.5</b>	<b>197.7</b>	<b>449.2</b>	<b>200.8</b>	<b>153.9</b>	<b>155.6</b>	<b>164.1</b>
Compensation of employees	66.0	72.2	90.3	92.4	92.1	99.1	104.2
Goods and services	116.5	115.4	345.1	108.4	61.9	56.5	59.9
of which:							
Administrative fees	0.0	0.6	1.7	0.0	1.3	1.4	1.5
Advertising	1.0	2.0	24.7	1.0	0.9	0.9	0.9
Assets less than R5 000	0.6	0.6	1.6	0.8	0.3	0.4	0.4
Catering: Departmental activities	–	0.7	0.4	1.0	1.3	1.1	1.5
Communication	1.3	1.7	1.7	1.3	1.7	1.8	1.8
Computer services	47.6	19.8	21.1	12.0	12.3	11.5	12.2
Consultants and professional services: Business and advisory service	2.8	0.3	0.3	0.6	1.8	0.8	0.9
Contractors	0.4	0.8	9.3	1.1	1.1	0.1	0.1
Agency and support / outsourced services	20.5	27.4	17.4	13.1	1.1	1.0	0.9
Government motor transport (Trading account)	–	0.5	0.2	0.2	0.3	0.2	0.2

Table 13.7 Further Education and Training (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>182.5</b>	<b>197.7</b>	<b>449.2</b>	<b>200.8</b>	<b>153.9</b>	<b>155.6</b>	<b>164.1</b>
<i>Inventory: Learner and teacher support material</i>	0.0	1.4	1.0	6.5	3.0	1.1	3.6
<i>Inventory: Materials and supplies</i>	–	0.0	0.0	0.1	–	2.3	–
<i>Inventory: Stationery and printing</i>	4.4	3.6	16.7	6.8	2.8	3.0	4.9
<i>Lease payments</i>	3.6	4.1	4.4	4.4	4.2	4.3	4.6
<i>Owned and leasehold property expenditure</i>	0.0	0.3	0.0	0.0	0.0	0.0	0.0
<i>Travel and subsistence</i>	22.2	33.5	31.7	28.8	17.5	14.7	15.0
<i>Training and development</i>	0.1	3.8	2.1	6.1	0.5	0.4	0.5
<i>Operating expenditure</i>	6.5	9.0	207.0	18.6	5.8	5.4	3.8
<i>Venues and facilities</i>	5.3	5.2	3.8	6.0	6.0	6.0	7.0
Financial transactions in assets and liabilities	0.0	10.1	13.8	–	–	–	–
<b>Transfers and subsidies</b>	<b>50.0</b>	<b>512.1</b>	<b>680.2</b>	<b>849.1</b>	<b>55.6</b>	<b>138.7</b>	<b>262.2</b>
Provinces and municipalities	0.2	470.0	631.1	795.2	–	80.0	200.0
Departmental agencies and accounts	49.7	41.4	48.5	53.6	55.6	58.7	62.2
Households	0.1	0.6	0.6	0.3	–	–	–
<b>Payments for capital assets</b>	<b>5.9</b>	<b>1.1</b>	<b>2.3</b>	<b>1.9</b>	<b>1.4</b>	<b>1.5</b>	<b>1.5</b>
Machinery and equipment	5.9	1.1	2.2	1.8	1.4	1.5	1.5
Software and other intangible assets	0.0	–	0.1	0.0	0.0	–	0.0
<b>Total</b>	<b>238.5</b>	<b>710.9</b>	<b>1 131.7</b>	<b>1 051.8</b>	<b>210.9</b>	<b>295.8</b>	<b>427.8</b>
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Current</b>	<b>–</b>	<b>470.0</b>	<b>631.1</b>	<b>795.2</b>	<b>–</b>	<b>80.0</b>	<b>200.0</b>
Further education and training college sector recapitalisation grant	–	470.0	631.1	795.2	–	–	–
Technical secondary schools recapitalisation	–	–	–	–	–	80.0	200.0
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>49.7</b>	<b>41.4</b>	<b>48.5</b>	<b>53.6</b>	<b>55.6</b>	<b>58.7</b>	<b>62.2</b>
South African Qualifications Authority	38.6	34.0	35.7	37.6	39.1	41.3	43.8
Umalusi Council for Quality Assurance in General and Further Education and Training	11.1	7.4	12.9	16.0	16.5	17.4	18.4

## Expenditure trends

Expenditure grew at an average annual rate of 64.0 per cent, from R238.5 million in 2005/06 to R1.1 billion in 2008/09. The increase in expenditure of 59.2 per cent in 2007/08 was due to an additional allocation for the implementation of the national curriculum statement examinations for 2007/08 and 2008/09, which also explains the high personnel costs in this period. In addition, there was a once-off allocation, mainly for printing and publishing learner support materials as part of the national recovery plan after the June 2007 educator strike action, which accounts for the 199 per cent growth in goods and services expenditure in 2007/08.

Expenditure decreases by 79.9 per cent in 2009/10 as the further education and training college recapitalisation conditional grant becomes part of the provincial equitable share in 2009/10. However, the additional allocations provided for the technical schools recapitalisation conditional grant (R80 million in 2010/11 and R200 million in 2011/12) results in projected expenditure rising by 40.2 per cent in 2010/11 and 44.7 per cent in 2011/12.

Cost containment measures over the medium term have been identified within this programme, totalling R6.2 million in goods and services, transfers and subsidies, and capital assets.

## Programme 5: Social and School Enrichment

- *Social Inclusion in Education* manages policy, programmes and systems for adult education and school enrichment. It ensures quality access to and promotes increased participation by all learners in the curriculum and school enrichment programmes. It collaborates with relevant departments and stakeholders to create safe and caring schools, safety nets for orphaned and vulnerable children, and quality adult basic education training and literacy programmes for adult learners. Funding is mainly used for the Kha Ri Gude mass literacy campaign, paying stipends to volunteer educators, producing learner and teacher support materials and conducting assessments.
- *Health in Education* manages policies related to the overall wellness of educators and learners, and manages and monitors the national school nutrition programme. Funding is mainly used for transfer payments related to the national school nutrition programme to provincial education departments, divided among the provinces on the basis of the number of learners in quintile 1 to 3 schools.
- *Equity in Education* develops policies and programmes for promoting gender equity, non-racialism, non-sexism, democratic values in education, and moral regeneration in public schools. It promotes quality education programmes in rural and farm schools, and schools in the presidential nodal areas (areas that have been identified by the Presidency for special attention). Funding is mainly used for salaries, and other personnel related costs.

### Objectives and measures

- Improve communication on the measures for the prevention and management of learner pregnancy and the guidelines for the prevention and management of sexual violence and harassment in public schools in 2009/10 by:
  - hosting advocacy sessions with school governing body forums and other school communities
  - conducting workshops on implementing the measures and the guidelines
  - running a media campaign via the South African Broadcasting Corporation.
- Strengthen the girls and boys education movements by conducting road shows and encouraging new clubs in 2009/10.
- Improve learning capacity through the national school nutrition programme by ensuring that:
  - all quintile 1 to 3 primary school learners receive appropriate meals on all school days
  - the programme is phased into quintile 1 to 3 secondary schools over the MTEF period.
- Reduce the number of illiterate adults in South Africa by half by 2012 through the Kha Ri Gude mass literacy campaign.
- Provide specialised literacy tuition for disabled illiterate adults, including the blind and deaf, over the next 3 years.
- Develop guidelines for implementing levels 3 and 4 learning programmes for adult basic education and training by March 2010.

### Service delivery and spending focus

The Kha Ri Gude mass literacy campaign was launched in April 2008. Its initial target to train 300 000 illiterate adults and to employ and train 20 000 volunteer educators was exceeded by 60 000 illiterate adults and 8 000 volunteer educators. Stipends were paid to more than 28 000 campaign volunteers drawn from among the poorest South Africans, 93 per cent of whom were unemployed. 90 per cent of the learners and educators were supplied with stationery packs and mother-tongue literacy and numeracy books. A train-the-trainer workshop for 77 blind educators and 80 deaf educators was held in August 2008 to ensure increased participation by blind and deaf learners in the campaign. Assessment portfolios or test books for numeracy and literacy were completed in all 11 official languages and approved by the South African Qualifications Authority. Outcomes based assessment instruments aligned with the adult basic education and training level 1 unit standards were administered to enable successful learners to progress to adult basic education and training level 2 in the public adult learning centres in 2009. The Kha Ri Gude mass literacy campaign remains a key focus over the MTEF period.

By the end of the pilot project for the United Nations Children's Fund Sport for Development programme, 126 schools had been reached through interschool tournaments, with about 5 000 learners participating. A physical education implementation plan was compiled and costing was completed.

4 provinces held Lethimpilo campaigns during 2008 in which 14 453 learners were screened for minor ailments and social security needs, and directed for treatment if necessary. Those identified with health problems were either treated on site for minor ailments, or referred to the appropriate health facilities for further treatment, management and care.

6 238 489 learners in 18 297 schools were fed an adequate meal during 2008. 6 503 school food gardens were planted and sustained. Capacity building workshops were conducted on the implementation guidelines, food production and nutrition education to national school nutrition programme officials, educators and parents. Monitoring and support to provinces for the implementation and extension of the national school nutrition programme to secondary schools remains a key focus area over the medium term.

CD and hard copy versions of the measures for the prevention and management of learner pregnancy and the guidelines on the prevention and management of sexual violence and harassment were sent to each district in 2008.

## Expenditure estimates

**Table 13.8 Social and School Enrichment**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Social Inclusion in Education	12.9	14.2	29.1	471.3	456.4	482.6	511.8
Health in Education	1 125.8	1 114.3	1 232.6	1 947.6	2 420.8	3 691.3	4 608.6
Equity in Education	5.9	13.0	19.0	14.1	13.6	14.5	15.5
<b>Total</b>	<b>1 144.5</b>	<b>1 141.5</b>	<b>1 280.6</b>	<b>2 433.0</b>	<b>2 890.9</b>	<b>4 188.3</b>	<b>5 135.8</b>
Change to 2008 Budget estimate				452.6	543.7	1 279.1	2 056.0
<b>Economic classification</b>							
<b>Current payments</b>	<b>30.7</b>	<b>43.2</b>	<b>60.9</b>	<b>505.5</b>	<b>495.5</b>	<b>524.1</b>	<b>556.2</b>
Compensation of employees	14.1	15.2	20.7	26.5	34.1	36.1	38.0
Goods and services	16.6	28.0	40.1	479.0	461.4	488.1	518.2
of which:							
Administrative fees	0.0	0.0	0.0	0.4	26.7	28.2	30.0
Advertising	0.7	0.9	4.0	5.8	7.0	7.1	7.5
Audit costs: External	–	–	–	0.9	0.4	0.4	0.4
Catering: Departmental activities	–	1.1	0.3	3.2	0.2	0.3	0.3
Communication	0.3	0.3	0.3	0.5	0.6	0.6	0.7
Computer services	–	0.0	0.0	3.0	0.0	0.0	0.0
Consultants and professional services: Business and advisory service	–	0.0	0.1	1.4	3.9	3.5	3.7
Contractors	0.5	0.1	0.1	0.2	1.7	1.7	1.8
Agency and support / outsourced services	0.3	1.4	6.0	24.1	226.6	251.5	266.6
Inventory: Other consumables	0.1	0.7	0.1	0.0	0.0	0.0	0.0
Inventory: Stationery and printing	1.0	5.4	0.8	185.3	133.1	129.6	136.3
Lease payments	0.0	0.5	0.2	0.1	0.1	0.1	0.1
Owned and leasehold property expenditure	–	0.0	0.0	0.0	0.5	0.6	0.7
Travel and subsistence	9.6	9.7	7.5	10.1	13.2	13.9	14.5
Training and development	0.1	0.9	0.2	0.0	0.3	0.3	0.3
Operating expenditure	2.6	3.9	17.3	237.3	41.6	44.4	49.6
Venues and facilities	1.1	2.4	2.8	6.5	5.1	5.4	5.1
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 112.2</b>	<b>1 098.1</b>	<b>1 219.3</b>	<b>1 927.1</b>	<b>2 394.5</b>	<b>3 663.3</b>	<b>4 578.8</b>
Provinces and municipalities	1 112.2	1 098.0	1 219.3	1 927.1	2 394.5	3 663.3	4 578.8
Departmental agencies and accounts	0.0	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>1.6</b>	<b>0.2</b>	<b>0.5</b>	<b>0.5</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>
Machinery and equipment	1.6	0.2	0.4	0.5	0.9	0.9	0.9
Software and other intangible assets	–	–	0.0	–	–	–	–
<b>Total</b>	<b>1 144.5</b>	<b>1 141.5</b>	<b>1 280.6</b>	<b>2 433.0</b>	<b>2 890.9</b>	<b>4 188.3</b>	<b>5 135.8</b>



**Table 13.8 Social and School Enrichment (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Current</b>	<b>1 112.2</b>	<b>1 098.0</b>	<b>1 219.3</b>	<b>1 927.1</b>	<b>2 394.5</b>	<b>3 663.3</b>	<b>4 578.8</b>
National school nutrition programme grant	1 112.2	1 098.0	1 219.3	1 927.1	2 394.5	3 663.3	4 578.8

## Expenditure trends

The growth in expenditure over the seven-year period, at an average annual rate of 28.4 per cent, is mainly due to increased allocations for expanding the national school nutrition programme to secondary schools. Over the MTEF period, expenditure is set to increase from R2.4 billion in 2008/09 to R5.1 billion in 2011/12, at an average annual rate of 28.3 per cent. The increase from 2008/09 onwards is also due to additional allocations for the mass literacy campaign, which accounts for the growth of 1093.6 per cent in goods and services in 2008/09, the first year of the Kha Ri Gude mass literacy campaign. This also explains the increase in operating expenditure in 2008/09, which was mainly for the payment of stipends for the mass literacy educators. Over the medium term, these stipends will be paid by the agency that has been contracted to manage and administer the campaign. Together, these account for the projected increased expenditure in agency and outsourced services over this period.

Expenditure on payments for capital assets was high in 2005/06 because vehicles for the national schools nutrition programme in provinces were purchased in that year.

Expenditure in the *Equity in Education* subprogramme fluctuates, depending on the number of projects and campaigns undertaken in each year.

Cost containment measures over the medium term have been identified within this programme, totalling R120.4 million in goods and services, mainly from outsourced services, and stationery and printing.

## Programme 6: Higher Education

- *Higher Education Planning and Management* provides management support services to the higher education system. Funding is mainly used for transfer payments to the National Student Financial Aid Scheme and the Council on Higher Education.
- *Higher Education Policy* registers private higher education institutions and liaises with constituencies in higher education. Funding is mainly used for salaries, and other personnel related costs.
- *Higher Education Subsidies*, formerly part of the *Higher Education Planning and Management* subprogramme, transfers payments to higher education institutions. These consist of allocations for: block grants; ad hoc purposes; foundation and bridging programmes; infrastructure grants; efficiency improvements; and interest and redemption relating to loans taken by higher education institutions. Funding is mainly used for unconditional block grants transfers, which are divided among the 23 higher education institutions based on research outputs, teaching inputs and outputs, and contextual factors like the number of disadvantaged students enrolled.

## Objectives and measures

- Improve the performance and output of the higher education system through ongoing monitoring and evaluation.
- Improve the teaching and research outputs of the higher education sector by finalising and implementing the review of the teaching and research development grants by March 2010.
- Improve the governance of higher education institutions through ongoing support to higher education councils and other higher education constituencies through the assessment of annual reports.



- Extend and improve higher education to meet high level human resources needs and promote research and knowledge generation by overseeing the implementation of policy for development grants for teaching and research and the enrolment and success of students in science, technology and engineering.
- Promote access to higher education opportunities by providing bursaries and loans annually to students through the National Student Financial Aid Scheme and coordinating programmes by the national institutes for higher education in Mpumalanga and Northern Cape.

## Service delivery and spending focus

As part of the higher education management information system, the revised manual for classifying educational subject matter was approved by the minister. Institutions have given their inputs on the amendment of the new building space reporting system, which will be used to finalise the building space norms manual.

The year-on-year cohort study that tracks undergraduates entering higher education institutions tracked 138 000 first time entering undergraduate students from 2002. Results of this study indicate that after 5 years of study, 46 200 students (34 per cent) of these undergraduate students had graduated, 71 200 (51 per cent) had dropped out and 20 600 (15 per cent) were still studying. It is expected that most of the 20 600 will eventually graduate. Further analysis of dropouts, retention and throughputs by qualification, gender and age, is being reviewed and checked for accuracy before publication.

A committee was established by the department to look into the performance of institutions by reviewing teaching and research outputs, and drafting a report on the current situation.

The Council on Higher Education requires all higher education institutions to establish an institutional forum to advise the council on a variety of issues, including the progress being made on transformation. A review of the efficacy of these institutional forums was finalised in 2008/09. As a result of some of the findings of this review, workshops were held in 2008/09 for some of the student representative councils to improve the effectiveness of student governance at their higher education institutions.

Funding over the medium term is aimed at continued support for higher education institutions. The focus will also be on infrastructure development, for which funds have been earmarked. Support for providing student loans to needy and deserving students through the National Student Financial Aid Scheme also remains a priority.

## Expenditure estimates

**Table 13.9 Higher Education**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Higher Education Planning and Management	899.2	964.1	1 372.9	1 745.8	2 189.0	2 378.7	2 758.3
Higher Education Policy	7.3	7.1	8.5	12.5	11.9	12.5	13.1
Higher Education Subsidies	9 740.3	10 985.7	11 941.5	13 803.4	15 297.2	17 516.7	19 002.7
<b>Total</b>	<b>10 646.8</b>	<b>11 956.9</b>	<b>13 322.9</b>	<b>15 561.7</b>	<b>17 498.1</b>	<b>19 908.0</b>	<b>21 774.1</b>
Change to 2008 Budget estimate				383.5	542.0	682.9	1 396.7
<b>Economic classification</b>							
<b>Current payments</b>	<b>13.8</b>	<b>16.7</b>	<b>19.2</b>	<b>24.5</b>	<b>23.3</b>	<b>23.1</b>	<b>24.2</b>
Compensation of employees	9.8	12.7	13.3	15.6	15.9	16.9	17.7
Goods and services	4.0	4.0	5.9	8.9	7.4	6.2	6.5
of which:							
Advertising	0.2	0.4	0.4	1.1	0.3	0.4	0.3
Computer services	0.2	0.4	0.0	0.7	1.3	0.4	0.4
Consultants and professional services: Business and advisory service	–	–	0.0	0.6	1.3	0.8	0.9
Agency and support / outsourced services	0.0	0.5	1.2	1.1	0.0	0.0	0.0
Inventory: Stationery and printing	0.2	0.2	0.2	0.5	0.5	0.5	0.5
Travel and subsistence	2.0	1.7	2.6	3.5	2.9	3.0	3.1
Operating expenditure	0.6	0.1	0.7	0.3	0.3	0.3	0.3
Financial transactions in assets and liabilities	0.0	0.0	–	–	–	–	–

**Table 13.9 Higher Education (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>10 632.9</b>	<b>11 940.0</b>	<b>13 303.5</b>	<b>15 537.0</b>	<b>17 474.5</b>	<b>19 884.6</b>	<b>21 749.6</b>
Departmental agencies and accounts	890.7	954.3	1 362.0	1 733.6	2 177.3	2 367.9	2 746.9
Universities and technikons	9 740.3	10 985.7	11 941.5	13 803.4	15 297.2	17 516.7	19 002.7
Foreign governments and international organisations	1.8	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
Machinery and equipment	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Software and other intangible assets	–	–	–	–	0.0	0.0	0.0
<b>Total</b>	<b>10 646.8</b>	<b>11 956.9</b>	<b>13 322.9</b>	<b>15 561.7</b>	<b>17 498.1</b>	<b>19 908.0</b>	<b>21 774.1</b>

**Details of selected transfers and subsidies**

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>890.7</b>	<b>954.3</b>	<b>1 362.0</b>	<b>1 733.6</b>	<b>2 177.3</b>	<b>2 367.9</b>	<b>2 746.9</b>
Council on Higher Education	26.6	27.9	29.3	31.2	32.7	34.5	36.6
National Student Financial Aid Scheme	864.1	926.4	1 332.7	1 702.4	2 144.7	2 333.4	2 710.3
<b>Universities and technikons</b>							
<b>Current</b>	<b>9 616.1</b>	<b>10 895.2</b>	<b>11 864.0</b>	<b>13 737.0</b>	<b>15 229.2</b>	<b>17 448.7</b>	<b>18 934.7</b>
Higher education institutions	9 616.1	10 895.2	11 864.0	13 737.0	15 229.2	17 448.7	18 934.7
<b>Capital</b>	<b>124.2</b>	<b>90.5</b>	<b>77.5</b>	<b>66.4</b>	<b>68.0</b>	<b>68.0</b>	<b>68.0</b>
Higher education institutions	124.2	90.5	77.5	66.4	68.0	68.0	68.0
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>1.8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Fulbright Commission	1.8	–	–	–	–	–	–

**Expenditure trends**

Transfer payments to higher education institutions remain the programme's largest spending item, increasing at an average annual rate of 12.3 per cent between 2005/06 and 2008/09. This expenditure is projected to continue to increase at an average annual rate of 11.2 per cent over the medium term due to the additional allocations for subsidies to higher education institutions. The additions are specifically directed at infrastructure projects, earmarked allocations for institutions to improve their graduate outputs (particularly in scarce and critical skills areas such as engineering, science and technology) and to provide additions to the general block grant to institutions.

Transfers to the National Student Financial Aid Scheme (which currently constitute close to 10 per cent of total expenditure in this programme) are expected to rise at an average annual rate of 16.6 per cent over the medium term mainly due to additional allocations for specific bursaries such as the initial supply of teachers bursary and for students at further education and training colleges. More details on the National Student Financial Aid Scheme are provided in the section below.

Cost containment measures over the medium term have been identified within this programme, totalling R0.5 million in goods and services and R0.9 million in transfers and subsidies.

**Public entities****National Student Financial Aid Scheme****Strategic overview: 2005/06 – 2011/12**

The National Student Financial Aid Scheme, established in terms of the National Student Financial Aid Scheme Act (1999), is responsible for administering and allocating loans and bursaries to eligible students, developing criteria and conditions for granting loans and bursaries in consultation with the minister, raising funds, recovering loans, maintaining and analysing a database, and undertaking research for the better use of financial resources. The National Student Financial Aid Scheme also advises the minister on student financial aid in general, and performs other functions assigned to it by the minister.

During the MTEF period, the National Student Financial Aid Scheme aims to:

- comply with the requirements of the National Credit Act (2005) as it applies to the mandate of the National Student Financial Aid Scheme
- provide improved, specific and relevant services to students, debtors, institutions and donors
- establish an IT platform that enables the scheme to administer and manage significant increases in funding from the government and the corporate sector
- improve the visibility of the bursary awards for specific courses so that timely interventions can be initiated to reduce the rollover of unspent funds.

### Selected performance indicators

**Table 13.10 National Student Financial Aid Scheme**

Indicator	Past			Current	Projected		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of students assisted in higher education per year <sup>1</sup>	106 852	108 416	113 616	120 000	130 000	140 000	150 000
Pass rate (number of courses passed by loan recipients) <sup>2</sup>	74% (867 438)	73% (1 086 267)	75% (1 271 583)	75% (1 440 000)	76% (1 570 400)	76% (1 702 400)	77% (1 836 000)
Funds recovered from study loans	R329m	R390m	R479m	R501m	R526m	R578m	R608m
Number of new Funza Lushaka bursary recipients <sup>3</sup>	0	0	3 842	5 447	8 715	9 240	9 795
Number of new further education and training bursary recipients	–	–	12 283	38 000	51 000	54 060	57 300

1. Recipients of awards from all sources of funding

2. The National Student Financial Aid Scheme pass rate is a reported figure from each higher education institutions, which provides a breakdown of the number of courses a student enrolled for in a particular year, and the number of courses passed in that year. It does not provide an indication of progression and does not correlate with progression rates, as students may pass more than 50 per cent of their courses, but these may not necessarily be credit bearing, weighted or major courses that contribute to progression to the next academic year.

3. Bursaries for students studying to become teachers

### Service delivery and spending focus

The number of students assisted with National Student Financial Aid Scheme funding increased by 6.3 per cent from 106 852 in 2005/06 to 113 616 in 2007/08. There are 107 900 beneficiaries for the 2008 academic year, and this is expected to increase to 120 000, as institutions still need to submit all completed applications and loan agreement forms.

The value of student loans granted over the seven-year period increased at an average annual rate of 20.9 per cent, from R1.2 billion in 2005/06 to a planned R4 billion in 2011/12.

Funds recovered from the repayment of loans increased from R329 million in 2005/06 to R479 million in 2007/08, and to R501 million in 2008/09, due to the National Student Financial Aid Scheme expanding its debt recovery and collection strategy. This is a crucial element in the sustainability of the loans system, as success in this area will enable the institution to assist more students with fewer transfers from government. Going forward, the National Student Financial Aid Scheme aims to establish an IT platform that will streamline the administration and management of funds, and will enable it to manage significant increases in funding from both the government and the corporate sector.

### Expenditure estimates

**Table 13.11 National Student Financial Aid Scheme: Activity information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Student bursaries (higher education institutions)	376.3	407.8	612.4	948.4	1 522.0	1 660.2	1 866.8
Student bursaries (further education and training colleges)	–	–	65.3	224.2	300.0	318.0	337.1
Other activities	137.2	34.5	264.0	279.1	294.7	308.8	327.9
<b>Total expense</b>	<b>513.5</b>	<b>442.2</b>	<b>941.7</b>	<b>1 451.7</b>	<b>2 116.7</b>	<b>2 286.9</b>	<b>2 531.7</b>
<b>Student loans (higher education institutions)</b>	<b>1 213.5</b>	<b>1 382.4</b>	<b>1 742.7</b>	<b>2 474.6</b>	<b>3 132.7</b>	<b>3 592.4</b>	<b>3 979.4</b>

**Table 13.12 National Student Financial Aid Scheme: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>268.5</b>	<b>332.1</b>	<b>411.2</b>	<b>516.6</b>	<b>580.6</b>	<b>665.5</b>	<b>730.5</b>
<i>Other non-tax revenue</i>	268.5	332.1	411.2	516.6	580.6	665.5	730.5
<b>Transfers received</b>	<b>969.3</b>	<b>1 052.4</b>	<b>1 507.1</b>	<b>1 902.4</b>	<b>2 453.3</b>	<b>2 660.5</b>	<b>3 042.2</b>
<b>Total revenue</b>	<b>1 237.8</b>	<b>1 384.5</b>	<b>1 918.3</b>	<b>2 419.0</b>	<b>3 033.9</b>	<b>3 325.9</b>	<b>3 772.7</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>137.2</b>	<b>34.5</b>	<b>264.0</b>	<b>279.1</b>	<b>294.7</b>	<b>308.8</b>	<b>327.9</b>
Compensation of employees	9.9	10.8	13.1	18.6	23.3	26.8	30.6
Goods and services	126.4	22.3	251.5	260.0	269.8	280.6	295.4
Depreciation	1.0	1.3	(0.6)	0.4	1.5	1.4	1.8
<b>Transfers and subsidies</b>	<b>376.3</b>	<b>407.8</b>	<b>677.8</b>	<b>1 172.6</b>	<b>1 822.0</b>	<b>1 978.2</b>	<b>2 203.9</b>
<b>Total expenses</b>	<b>513.5</b>	<b>442.2</b>	<b>941.7</b>	<b>1 451.7</b>	<b>2 116.7</b>	<b>2 286.9</b>	<b>2 531.7</b>
<b>Surplus / (Deficit)</b>	<b>724.3</b>	<b>942.2</b>	<b>976.5</b>	<b>967.3</b>	<b>917.2</b>	<b>1 039.0</b>	<b>1 240.9</b>
<b>Acquisition of assets</b>	<b>1.9</b>	<b>1.5</b>	<b>0.9</b>	<b>0.6</b>	<b>1.6</b>	<b>1.2</b>	<b>4.0</b>

### Expenditure trends

Transfers from the department to the National Student Financial Aid Scheme will be R2.1 billion in 2009/10, R2.3 billion in 2010/11 and R2.7 billion in 2011/12. These transfers include allocations for Funza Lushaka bursaries (R400 million; R424 million and R449.4 million) and further education and training college bursaries (R300 million; R318 million and R337 million). The National Student Financial Aid Scheme administers bursaries for social workers on behalf of the Department of Social Development, which accounts for the additional transfers received over the MTEF period. Other revenue is generated from donor funds, the repayment of study loans, and interest on investments.

The dip in expenditure in goods and services in 2006/07 from R126.4 million to R22.3 million was due mainly to no provision being made for doubtful debt as well as a significant increase in irrecoverable debts in 2006/07. From 2007/08, the National Student Financial Aid Scheme started to improve its debt collection methods, which meant a reduction in irrecoverable debts. Furthermore, provision for doubtful debt was included from 2007/08, which explains the steady increase in goods and services over the medium term.

## Programme 7: Auxiliary and Associated Services

- *International Relations and UNESCO* develops, promotes and cultivates international relations, and supports the United Nations Educational, Scientific and Cultural Organisation (UNESCO) projects in the education sector. Funding is mainly used for transfer payments to UNESCO.
- *Financial Support Services* monitors provincial budgets and cash flows, provides support and advice to provincial education departments for overall management, organisational structures and all aspects of corporate services, and manages, monitors and reports on donor and conditional grant funding. Funding is mainly used for salaries, and other personnel related costs.

### Objectives and measures

- Monitor progress on implementing the African Union Second Decade of Education plan of action by compiling biannual progress reports.
- Improve research and postgraduate opportunities in strategic fields by implementing the India-Brazil-South Africa exchange programme for researchers and postgraduate students in the selected 6 thematic areas by March 2010.
- Ensure that provincial education departments' spending is in line with budget allocations and strategic plans by reviewing quarterly expenditure reports.
- Provide administrative support and advice to provincial education departments by conducting biannual monitoring visits.

- Ensure that spending is in line with budget allocations and business plans by monitoring and reporting on donor and conditional grant funding on a monthly basis.

## Service delivery and spending focus

At the conference of the SADC ministers responsible for education and training held in Lusaka in July 2008, South Africa submitted detailed progress reports on the implementation of the Second Decade of Education for Africa plan. In October 2008, the Minister of Education chaired the Association for the Development of Education in Africa Bureau of Ministers meeting, and also played a key role in the steering committee meeting held in Tunis. These meetings ensure alignment of activities with the Second Decade of Education for Africa plan of action by all agencies working in education on the continent.

The six India-Brazil-South Africa working groups refined the broad thematic areas and suggested specific research questions that would be of interest to all three member countries. The department participated in the third India-Brazil-South Africa academic seminar in Brazil in August 2008 and the third summit held in India in October 2008.

Over the medium term, this programme will continue to improve the department's capacity to provide administrative support and advice to provincial education departments, and strengthen the department's international relations.

## Expenditure estimates

**Table 13.13 Auxiliary and Associated Services**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
International Relations and UNESCO	13.9	25.2	27.4	20.8	21.8	23.0	24.3
Financial Support Services	1.9	3.5	5.8	7.8	8.7	9.2	9.7
<b>Total</b>	<b>15.8</b>	<b>28.7</b>	<b>33.2</b>	<b>28.6</b>	<b>30.5</b>	<b>32.2</b>	<b>33.9</b>
Change to 2008 Budget estimate				2.1	2.1	2.2	(0.2)
<b>Economic classification</b>							
<b>Current payments</b>	<b>8.1</b>	<b>19.5</b>	<b>22.3</b>	<b>17.1</b>	<b>18.5</b>	<b>19.6</b>	<b>20.6</b>
Compensation of employees	5.5	8.0	9.9	12.6	14.7	15.6	16.4
Goods and services	2.6	11.6	12.3	4.4	3.8	4.0	4.2
of which:							
Advertising	0.1	0.6	0.3	–	–	–	–
Agency and support / outsourced services	0.0	1.1	0.4	0.1	0.0	0.0	0.0
Inventory: Stationery and printing	0.1	0.2	0.3	0.2	0.3	0.3	0.3
Lease payments	0.0	0.4	1.2	0.0	–	–	0.3
Owned and leasehold property expenditure	0.0	0.0	0.0	–	0.0	0.0	0.0
Travel and subsistence	2.0	3.7	6.9	3.7	2.6	2.7	2.7
Venues and facilities	0.1	3.8	2.4	0.1	0.0	0.0	0.0
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>7.6</b>	<b>9.0</b>	<b>10.8</b>	<b>11.4</b>	<b>11.8</b>	<b>12.5</b>	<b>13.2</b>
Foreign governments and international organisations	7.6	8.9	10.8	11.4	11.8	12.5	13.2
Non-profit institutions	–	–	0.1	–	–	–	–
Households	0.0	0.1	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Machinery and equipment	0.1	0.2	0.1	0.2	0.1	0.1	0.1
<b>Total</b>	<b>15.8</b>	<b>28.7</b>	<b>33.2</b>	<b>28.6</b>	<b>30.5</b>	<b>32.2</b>	<b>33.9</b>
<b>Details of selected transfers and subsidies</b>							
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>7.6</b>	<b>8.9</b>	<b>10.8</b>	<b>11.4</b>	<b>11.8</b>	<b>12.5</b>	<b>13.2</b>
Association for the Development of Education in Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commonwealth of Learning	1.7	1.8	1.8	1.9	1.8	1.9	2.0
United Nations Educational, Scientific and Cultural Organisation	5.6	6.7	7.7	9.1	9.6	10.1	10.7
India-Brazil-South Africa Trilateral Commission	0.3	0.3	0.4	0.4	0.4	0.4	0.5
Organisation for Economic Cooperation and Development	–	–	1.0	–	–	–	–

## **Expenditure trends**

The increase in expenditure from R15.8 million in 2005/06 to R28.7 million in 2006/07, reflecting growth of 81.3 per cent, was mainly due to the costs associated with the hosting of the sixteenth Conference of Commonwealth Education Ministers in December 2006. The increase to R33.2 million in 2007/08 was mainly due to the hosting of the third Conference of African Ministers of Education in August 2007.

Expenditure declines by 13.9 per cent in 2008/09, but increases at an annual average rate of 5.8 per cent over the MTEF period due to inflation increases. The department pays South Africa's membership fee to the United Nations Educational, Scientific and Cultural Organisation from this programme.

Cost containment measures over the medium term have been identified within this programme, totalling R0.3 million in goods and services.

## Additional tables

**Table 13.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	197.2	161.4	162.6	202.7	(4.6)	198.1	198.1
2. System Planning and Monitoring	89.9	96.5	52.0	98.1	20.4	118.5	109.0
3. General Education	281.3	298.7	258.3	348.2	9.5	357.7	323.1
4. Further Education and Training	864.8	1 190.0	1 131.7	1 023.4	28.4	1 051.8	1 094.7
5. Social and School Enrichment	1 213.4	1 278.8	1 280.6	1 980.5	452.6	2 433.0	2 429.9
6. Higher Education	13 330.9	13 326.9	13 322.9	15 178.2	383.5	15 561.7	15 560.0
7. Auxiliary and Associated Services	23.5	34.5	33.2	26.5	2.1	28.6	28.6
<b>Total</b>	<b>16 000.9</b>	<b>16 386.8</b>	<b>16 241.3</b>	<b>18 857.5</b>	<b>891.8</b>	<b>19 749.4</b>	<b>19 743.4</b>

  

Economic classification							
<b>Current payments</b>	<b>731.0</b>	<b>992.3</b>	<b>857.7</b>	<b>1 083.3</b>	<b>139.3</b>	<b>1 222.6</b>	<b>1 219.1</b>
Compensation of employees	263.3	276.5	249.7	286.1	22.0	308.1	308.1
Goods and services	467.7	715.7	576.4	797.2	117.3	914.5	911.0
Financial transactions in assets and liabilities	–	–	31.6	–	–	–	–
<b>Transfers and subsidies</b>	<b>15 265.9</b>	<b>15 386.3</b>	<b>15 375.7</b>	<b>17 765.5</b>	<b>752.7</b>	<b>18 518.3</b>	<b>18 512.3</b>
Provinces and municipalities	1 905.6	2 016.8	2 008.0	2 546.0	369.4	2 915.4	2 909.4
Departmental agencies and accounts	1 405.5	1 412.5	1 412.7	1 651.4	135.9	1 787.3	1 787.3
Universities and technikons	11 944.2	11 942.8	11 941.5	13 556.6	246.8	13 803.4	13 803.4
Foreign governments and international organisations	10.6	11.8	11.0	11.4	0.0	11.5	11.5
Non-profit institutions	–	0.1	0.1	0.1	–	0.1	0.1
Households	–	2.5	2.4	–	0.6	0.6	0.6
<b>Payments for capital assets</b>	<b>4.0</b>	<b>8.2</b>	<b>7.9</b>	<b>8.7</b>	<b>(0.2)</b>	<b>8.5</b>	<b>12.0</b>
Machinery and equipment	3.6	8.2	7.6	8.2	0.2	8.3	10.0
Software and intangible assets	0.4	–	0.3	0.6	(0.4)	0.2	2.0
<b>Total</b>	<b>16 000.9</b>	<b>16 386.8</b>	<b>16 241.3</b>	<b>18 857.5</b>	<b>891.8</b>	<b>19 749.4</b>	<b>19 743.4</b>

**Table 13.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	138.1	170.4	200.5	255.2	288.0	304.2	318.8
Unit cost (R million)	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Personnel numbers (head count)	660	768	829	862	931	931	931
<b>Part time and temporary contract employees</b>							
Compensation (R million)	48.6	33.5	44.7	51.1	56.2	60.8	64.0
Unit cost (R million)	0.3	0.2	0.2	0.3	0.3	0.3	0.3
Personnel numbers (head count)	178	151	182	203	184	184	184
<b>Interns</b>							
Compensation of interns (R million)	2.1	3.0	4.5	1.8	1.8	1.8	1.8
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	87	127	165	67	67	67	67
<b>Total for department</b>							
Compensation (R million)	188.8	207.0	249.7	308.1	346.0	366.8	384.6
Unit cost (R million)	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Personnel numbers (head count)	925	1 046	1 176	1 132	1 182	1 182	1 182



**Table 13.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	188.8	207.0	249.7	286.1	346.0	366.8	384.6
Training expenditure (R million)	1.9	15.0	25.9	7.1	2.3	2.6	2.8
Training as percentage of compensation	1.0%	7.2%	10.4%	2.5%	0.7%	0.7%	0.7%
Total number trained in department (head count)	252	616	606	527			
<i>of which:</i>							
Employees receiving bursaries (head count)	22	44	44	40			
Internships trained (head count)	87	127	165	67			
Households receiving bursaries (R million)	–	–	220.0	380.0	700.0	742.0	786.5
Households receiving bursaries (head count)	–	–	21 410	43 428			

**Table 13.D Summary of conditional grants to provinces and municipalities<sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Conditional grants to provinces</b>							
<b>3. General Education</b>							
HIV and AIDS (life skills education) grant	136.3	144.5	157.6	171.1	177.4	188.0	199.3
<b>4. Further Education and Training</b>							
Further education and training college sector recapitalisation grant	–	470.0	631.1	795.2	–	–	–
Technical secondary schools recapitalisation grant	–	–	–	–	–	80.0	200.0
<b>5. Social and School Enrichment</b>							
National school nutrition programme grant	1 112.2	1 098.0	1 219.3	1 927.1	2 394.5	3 663.3	4 578.8
<b>2. System Planning and Monitoring</b>							
Disaster management grant	–	–	–	22.0	–	–	–
<b>Total</b>	<b>1 248.4</b>	<b>1 712.5</b>	<b>2 008.0</b>	<b>2 915.4</b>	<b>2 571.9</b>	<b>3 931.4</b>	<b>4 978.1</b>

**Table 13.E Summary of departmental public private partnership projects**

Project description: Sethekgo Consortium	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2008/09	2009/10	2010/11	2011/12
R million					
<b>Projects signed in terms of Treasury Regulation 16</b>	–	<b>52.6</b>	<b>57.1</b>	<b>66.7</b>	<b>70.7</b>
PPP unitary charge	–	50.6	55.1	66.7	70.7
Advisory fees	–	2.0	2.0	–	–
<b>Total</b>	–	<b>52.6</b>	<b>57.1</b>	<b>66.7</b>	<b>70.7</b>

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	New Head Office Building
Brief description	Finance, design, construction, operation and maintenance of new serviced accommodation
Date PPP agreement was signed	2007/04/20
Duration of PPP agreement	27 years (2 years construction, 25 years service)
Escalation index for unitary fee	CPIX
Net present value of all payment obligations discounted at appropriate duration government bond yield	R1 576 044 149
Variations/amendments to PPP agreement	Variation 1: Enlargement of building approved on 18 Jan 2008. Variation 2: Upgrading of certain facilities not yet approved.
Cost implications of variations/amendments	Financial close: Real annual unitary payment base date 1 Oct 2006 (excl VAT) R71 350 877 VO1: Real annual unitary payment base date 1 Oct 2006 (excl VAT) R76 710 526 VO2: Real annual unitary payment base date 1 Oct 2006 (excl VAT) R95 614 035
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	Maximum exposure on termination for default by the department of R678 918 702.38 in March 2011 and for default by the private party of R964 690 866.24 in March 2023

Table 13.F Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
<b>Foreign</b>												
<b>In cash</b>												
African Union Commission	Management	Administration	193	Goods and services	Travel and accommodation expenses for African Union related conferences	-	-	193	-	-	-	-
Belgium-Flanders	Whole school development	Social and School Enrichment	1 941	Goods and services	Whole school development	-	650	-	-	-	-	-
Cameroon Education Department	Management	Administration	3	Goods and services	Donation received from Minister Gadama to assist in South African education programmes	3	-	-	-	-	-	-
Danish Cooperation for Environment and Development	National environmental education programme: Coordinator salaries and KwaZulu-Natal literacy programme	Social and School Enrichment	3 076	Goods and services	Salaries for the coordination of the national environmental education programme for the piloting of Curriculum 2005	-	791	-	-	-	-	-
United Kingdom Department for International Development	Salary of skills development project coordinator, education support project, phase 2: Life skills, mergers of higher education institutions	Higher Education	1 603	Goods and services	Development of learning and teaching support materials for implementation of religious education in the curriculum	350	17	-	-	-	-	-
European Union	Eastern Cape schools reconstruction, implementation of South African Schools Act, South African Qualifications Authority, the National Student Financial Aid Scheme, school infrastructure, library books to higher education and technical support	System Planning and Monitoring	148 590	Goods and services	Upgrading, building and refurbishing schools in Limpopo, Eastern Cape and KwaZulu-Natal	4 061	11 411	31 322	-	-	-	-
European Union	Higher education HIV and AIDS programme	Higher Education	256 000	Goods and services	Provision of grant support to 21 higher education institutions towards reducing HIV and AIDS	-	5 385	22 017	-	-	-	-
European Union	Sector infrastructure support programme	System Planning and Monitoring	67 640	Goods and services	27 schools built or refurbished in Limpopo, Eastern Cape and KwaZulu-Natal	-	2 010	60 674	-	-	-	-
Finland	Special needs education	General Education	42 165	Goods and services	2 full service schools completed in 2008, 8 to be completed by July 2009. Provinces started with the conversion of 12 full service schools to be fully accessible structurally	3 576	5 661	2 271	-	-	-	-
France	Student and youth science, technology, engineering and mathematics and training of education executives. Grade 6: systematic evaluation	General Education	16 924	Goods and services	2 400 teachers trained in maths and science content and 238 subject advisors to support teachers	-	11 756	108	-	-	-	-

Table 13.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate				
						2005/06	2006/07	2007/08		2008/09	2009/10	2010/11	2011/12	
R thousand														
Foreign														
In cash														
Japan	Management	Administration	113	Goods and services	Accommodation and travel expenses for an official visit by the Minister of Education to Cuba and Japan	113	-	-	-	-	-	-	-	-
The Netherlands	Sectoral budget support programme and reconstruction of schools in Limpopo	Auxiliary and Associated Services	433 489	Goods and services	Audit of provincial education facilities, support on the implementation of the national curriculum statement, provision of storybooks to schools and support to teacher development	57 454	130 653	74 815	74 694	-	-	-	-	-
Sweden	Special needs education-inclusive education	General Education	19 471	Goods and services	Full service schools completed and special schools converted. Provinces are converting 12 full service schools to be fully accessible structurally	-	5 772	4 898	-	-	-	-	-	-
Taiwan	Alternatives to corporal punishment, distribution of national curriculum statement documents, national curriculum statement advocacy and communication and further education and training	General Education	16 911	Goods and services	Promotion, communication and distribution of the national curriculum statement for further education and training	12 941	2 682	259	-	-	-	-	-	-
United States Agency for International Development	National working group for higher education, Grade 6 systemic evaluation, school improvement, HIV and AIDS emergency guidelines for educators	System Planning and Monitoring	-	Goods and services	Assistance to the national education department on finance, education economics, human resource and information policy, planning and monitoring matters	195	69	15	-	-	-	-	-	-
In kind														
Carnegie Corporation	South African undergraduates scholarships	General Education	-	Goods and services	Scholarships to female undergraduates	8 003	6 828	11 391	-	-	-	-	-	-
United Kingdom Department for International Development	Education support project phase 2	General Education	13 989	Goods and services	Creation of capacity to implement new policies in relation to HIV and AIDS, teacher and curriculum development, further education and training, and higher education	-	9 063	9 535	1 362	-	-	-	-	-
Finland	Direct-merger expenditure restructuring	Higher Education	39 000		Implementation of the restructuring of the South African higher education system and merger of institutions	11 015	21 253	-	-	-	-	-	-	-

Table 13.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign</b>												
<b>In kind</b>												
United States Agency for International Development	Strategic objective grant agreement	General Education	143 086	Goods and services	Technical assistance on finance, education economics, human resources and information policy, planning and monitoring matters	–	3 534	–	–	–	–	–
Norway	Higher education policy	Higher Education	248 846	Goods and services	Technical assistance on higher education	19 809	15 971	8 722	–	–	–	–
<b>Local</b>												
<b>In cash</b>												
Investec Security Ltd	Various	Auxiliary and Associated Services	500	Goods and services	Purchasing of reading books for the buses donated by Nissan and sponsoring of 23 learners who attended the international science exposition in Mexico	500	–	–	–	–	–	–
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) and InWent	WDR conference, Germany	Auxiliary and Associated Services	11	Goods and services	Conference fees for the world development report	11	–	–	–	–	–	–
Intel Corporation	Management	Administration	31	Goods and services	Accommodation and travel expenses for a conference on global public private partnerships in education in Washington DC	–	31	–	–	–	–	–
Nuffic	Management	Administration	13	Goods and services	Accommodation and travel expenses for workshops in the Netherlands on Dutch technical assistance programme to higher, further education, and cross-border higher education	–	13	–	–	–	–	–
<b>In kind</b>												
Vodacom	National teacher awards	General Education	16	Goods and services	Gifts at the national teacher awards	–	–	16	–	–	–	–
Intel and Mercer	National teacher awards	General Education	54	Goods and services	Gifts at the national teacher awards	–	–	54	–	–	–	–
Old Mutual	National teacher awards	General Education	32	Goods and services	Books and cash prizes at the national teacher awards	–	32	–	–	–	–	–
MTN	National teacher awards	General Education	300	Goods and services	Gifts at the national teacher awards	–	300	–	–	–	–	–
Oxford University Press	National teacher awards	General Education	30	Goods and services	Books and cash prizes at the national teacher awards	–	30	–	–	–	–	–
<b>Total</b>			<b>1 454 027</b>			<b>118 031</b>	<b>233 912</b>	<b>226 290</b>	<b>76 056</b>	<b>–</b>	<b>–</b>	<b>–</b>



# Vote 14

## Health

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	236.6	230.8	0.3	5.5	260.1	280.9
Strategic Health Programmes	4 692.3	407.6	4 269.3	15.4	5 587.2	5 980.5
Health Planning and Monitoring	357.1	96.2	258.2	2.8	382.9	398.2
Health Human Resources Management and Development	1 786.2	25.7	1 759.8	0.7	1 894.2	2 007.8
Health Services	9 898.9	91.5	9 804.3	3.1	11 388.9	12 081.7
International Relations, Health Trade and Health Product Regulation	87.0	86.1	–	0.9	100.8	113.7
<b>Total expenditure estimates</b>	<b>17 058.1</b>	<b>937.9</b>	<b>16 091.8</b>	<b>28.3</b>	<b>19 614.0</b>	<b>20 862.8</b>
Executive authority	Minister of Health					
Accounting officer	Director-General of Health					
Website address	www.doh.gov.za					

### Aim

*The aim of the Department of Health is to promote the health of all people in South Africa through an accessible, caring and high quality health system based on the primary health care approach.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide overall management of the department and centralised support services.

#### Programme 2: Strategic Health Programmes

**Purpose:** Coordinate, manage and fund strategic national health programmes, including developing policies, systems and norms and standards.

#### Programme 3: Health Planning and Monitoring

**Purpose:** Plan and monitor health services and coordinate health research programmes

#### Programme 4: Health Human Resources Management and Development

**Purpose:** Plan and coordinate human resources for health.

#### Programme 5: Health Services

**Purpose:** Support health services in provinces, including hospitals, emergency medical services and occupational health.

## **Programme 6: International Relations, Health Trade and Health Product Regulation**

**Purpose:** Coordinate bilateral and multilateral international health relations, including donor support, regulated procurement of medicines and pharmaceutical supplies, and regulation and oversight of trade in health products.

### **Strategic overview: 2005/06 – 2011/12**

The Department of Health provides overall leadership and coordination for health services in South Africa. It functions in terms of the National Health Act (2003) and other relevant legislation.

#### **Recent progress and developments**

Over the past year, several important sectoral reviews have been conducted and a number of policy making processes have been initiated. The outcomes of the 52<sup>nd</sup> conference of the African National Congress at Polokwane in December 2008 have given renewed emphasis to health sector priorities, a new health minister has been appointed and a national health insurance working group established. Reviews have been conducted by the Presidency culminating in the Towards a Fifteen Year Review: Synthesis Report, an extensive health sector review has been coordinated by the Development Bank of South Africa, and the Department of Health has commissioned an external evaluation of development and performance in the health sector between 1994 and 2008.

Areas of recent progress include filling 37 059 posts in the health service over the past three years. HIV and AIDS programmes are accelerating, with over 200 000 new patients starting treatment over the past 12 months. Primary care services have been strengthened. At 90 per cent, immunisation coverage is high and measles control has improved to such an extent that it might actually have been eliminated. The majority of pregnant women attend antenatal clinics and deliver their babies in health facilities. Malaria cases and deaths have been reduced through improved control programmes. The number of cases of serious malnutrition has declined. Anti-tobacco policies, an important aspect of chronic disease prevention, have been pursued with vigour. Infrastructural improvement is ongoing through the hospital revitalisation programme. Medicine prices have been noticeably reduced.

#### **Current challenges**

Despite these successes, critical challenges have been identified. The rate of mortality in young adults has deteriorated, driven especially by the HIV and AIDS epidemic and tuberculosis. HIV and AIDS prevalence has levelled off at high rates and prevention programmes need to be accelerated. High rates of immune suppression have been associated with an escalation of tuberculosis and the emergence of the multi-drug resistant and extensively drug resistant strains. Despite high levels of antenatal clinic coverage, maternal and child health outcomes such as infant and child mortality rates are sub-optimal. Swifter progress in meeting the health components of the millennium development goals, with a particular focus on infants and children under five years, is required. Despite the recent progress in filling posts, there are still shortages of health personnel because of the burden of disease. The quality of health services is sometimes not optimal. Aspects of the functioning of the inter-governmental health system are not functioning optimally and require improvements in the areas of management, performance monitoring and accountability.

#### **Addressing the challenges over the medium term**

Various measures are being introduced to address these challenges. Three new child vaccines are being introduced to reduce cases of diarrhoea and pneumonia, which are significant causes of child morbidity. In relation to HIV and AIDS, particular attention needs to be given to the improved implementation of the new dual therapy programme for the prevention of mother-to-child transmission, to ensure that every mother is screened and managed appropriately to prevent HIV infections in babies. New quality assurance systems are being put in place, including the national office of standards compliance to monitor both the quality of care and compliance with norms and standards for health facilities. Doctors, dentists, pharmacists and emergency medical personnel will receive improved remuneration. The new South African Health Products Regulatory Authority is being established. Mechanisms to address inequities in health sector financing, such as mandatory



health insurance, are being researched. The national department's oversight capacity over provincial health services will be strengthened and methods to improve coordination and address weaknesses of fiscal federalism (such as the differential implementation of priorities across provinces) are being designed.

The health reform strategy aims to improve the performance, efficiency and value for money of the health system. The provision of human resources will continue to be strengthened. A national primary health care audit will be undertaken. Implementation of programmes to combat both communicable and non-communicable diseases will be strengthened. The health reform strategy will be nationally driven and have an initial focus on 18 priority districts, but will be extended to other districts over time. All the Department of Health's 6 budget programmes and 32 subprogrammes will be expected to implement interventions to facilitate the implementation of the reform process. Quality improvements will be targeted through developing and implementing health facility improvement plans and strengthening management skills, capacity and accountability.

## Selected performance and operations indicators

**Table 14.1 Health**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Percentage of national immunisation coverage	Strategic Health Programmes	82%	84%	86.8%	86%	90%	90%	90%
Number of health districts with more than 90% full immunisation coverage	Health Services	12/52 (23%)	19/52 (37%)	37/52 (70%)	41/52 (80%)	47/52 (90%)	52/52 (100%)	52/52 (100%)
Percentage of primary health care facilities saturated with integrated management of childhood illnesses health workers (saturated = 60 % of health workers who manage children have been trained in IMCI)	Health Human Resources Management and Development	64%	60%	71%	71%	70%	75%	80%
Tuberculosis cure rate	Strategic Health Programmes	50.8%	57.7%	60%	60%	65%	70%	70%
Tuberculosis treatment defaulter rate	Strategic Health Programmes	10.3%	10.4%	7%	7%	6%	6%	5%
Percentage of multi-drug resistant tuberculosis cases among new tuberculosis patients	Strategic Health Programmes	–	1%	<1%	<1%	<1%	<1%	<1%
Percentage of extensively drug resistant extensively drug resistant cases among all multi-drug resistant tuberculosis patients	Strategic Health Programmes	–	5%	4.5%	4%	3%	2%	1%
Number of malaria cases each year	Strategic Health Programmes	12 337	4 916	4 184	3 981	3 582	3 223	2 900
Rate of malaria case fatality	Strategic Health Programmes	0.8%	0.8%	0.8%	0.5%	0.4%	0.4%	0.2%

## Expenditure estimates

**Table 14.2 Health**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	163.2	175.6	213.6	246.7	246.7	236.6	260.1	280.9
2. Strategic Health Programmes	1 915.3	2 658.8	3 096.3	4 189.9	4 169.9	4 692.3	5 587.2	5 980.5
3. Health Planning and Monitoring	259.9	301.3	309.1	334.1	321.1	357.1	382.9	398.2
4. Health Human Resources Management and Development	1 531.2	1 576.0	1 613.6	1 712.8	1 707.8	1 786.2	1 894.2	2 007.8
5. Health Services	6 024.7	6 566.7	7 465.8	9 287.3	9 025.3	9 898.9	11 388.9	12 081.7
6. International Relations, Health Trade and Health Product Regulation	43.0	59.7	64.3	80.3	80.3	87.0	100.8	113.7
<b>Total</b>	<b>9 937.1</b>	<b>11 338.0</b>	<b>12 762.7</b>	<b>15 851.2</b>	<b>15 551.2</b>	<b>17 058.1</b>	<b>19 614.0</b>	<b>20 862.8</b>
Change to 2008 Budget estimate				750.3	450.3	439.1	699.5	816.4

Table 14.2 Health (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>600.3</b>	<b>658.6</b>	<b>729.0</b>	<b>943.7</b>	<b>915.7</b>	<b>937.9</b>	<b>1 027.1</b>	<b>1 082.2</b>
Compensation of employees	209.1	231.7	258.6	287.7	287.7	299.9	323.0	342.2
Goods and services	390.4	423.3	470.3	656.0	628.0	638.0	704.1	740.0
of which:								
Administrative fees	0.3	0.2	0.2	2.5	2.5	2.5	2.9	3.2
Advertising	92.5	45.4	30.6	113.9	113.9	96.7	103.8	108.5
Assets less than R5 000	2.9	3.3	2.7	10.8	10.8	11.1	12.8	13.6
Audit costs: External	5.0	6.3	6.1	8.8	8.8	9.2	10.2	11.0
Bursaries (employees)	0.9	0.5	0.5	0.8	0.8	0.8	0.9	0.9
Catering: Departmental activities	0.1	3.4	2.8	5.5	5.5	5.4	6.3	6.7
Communication	14.9	15.8	14.1	14.9	14.9	15.5	17.4	18.5
Computer services	13.8	2.9	12.4	8.7	8.7	9.2	10.3	11.0
Consultants and professional services:	28.0	21.4	118.2	43.9	29.9	40.7	46.0	46.1
Business and advisory services								
Consultants and professional services:	5.1	1.2	1.0	0.2	0.2	0.2	0.2	0.2
Laboratory service								
Consultants and professional services:	4.8	3.6	5.8	9.9	9.9	10.4	11.5	12.5
Legal costs								
Contractors	4.1	10.4	4.8	13.9	13.9	13.8	15.3	16.0
Agency and support / outsourced services	–	–	–	10.8	10.8	11.1	12.4	12.4
Entertainment	2.9	0.1	0.2	1.1	1.1	1.1	1.3	1.4
Inventory: Fuel, oil and gas	0.0	0.0	0.0	0.5	0.5	0.5	0.5	0.6
Inventory: Materials and supplies	0.9	0.5	0.8	0.6	0.6	0.6	0.7	0.7
Inventory: Medical supplies	72.1	133.8	81.0	140.2	140.2	134.5	143.7	150.7
Inventory: Other consumables	0.3	0.5	0.4	4.3	4.3	4.3	4.8	4.9
Inventory: Stationery and printing	12.3	18.9	17.0	33.2	33.2	33.4	37.0	38.4
Lease payments	35.2	36.3	42.3	48.5	48.5	50.6	56.3	61.4
Owned and leasehold property expenditure	0.7	1.4	0.7	–	–	–	–	–
Transport provided: Departmental activities	0.1	0.2	0.2	–	–	–	–	–
Travel and subsistence	62.9	72.5	89.9	110.6	110.6	113.3	128.1	134.3
Training and development	4.0	4.9	3.2	5.0	5.0	5.3	5.8	6.4
Operating expenditure	17.0	26.3	20.0	48.5	34.5	49.1	55.3	59.5
Venues and facilities	9.6	13.5	15.3	19.0	19.0	18.7	20.5	21.2
Financial transactions in assets and liabilities	0.8	3.5	0.1	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>9 307.6</b>	<b>10 610.2</b>	<b>12 011.7</b>	<b>14 859.5</b>	<b>14 587.5</b>	<b>16 091.8</b>	<b>18 556.2</b>	<b>19 747.5</b>
Provinces and municipalities	8 908.0	10 206.7	11 552.7	14 362.8	14 090.8	15 578.4	18 012.8	19 171.8
Departmental agencies and accounts	249.9	282.7	301.9	312.9	312.9	329.6	348.6	369.1
Universities and technikons	4.0	–	0.4	1.0	1.0	1.0	1.1	1.1
Foreign governments and international organisations	1.0	–	–	–	–	–	–	–
Non-profit institutions	143.4	120.1	156.0	182.5	182.5	182.9	193.8	205.5
Households	1.4	0.7	0.7	0.3	0.3	–	–	–
<b>Payments for capital assets</b>	<b>29.1</b>	<b>69.3</b>	<b>22.0</b>	<b>47.9</b>	<b>47.9</b>	<b>28.3</b>	<b>30.7</b>	<b>33.0</b>
Buildings and other fixed structures	6.2	0.3	–	–	–	–	–	–
Machinery and equipment	13.8	24.1	21.7	47.9	47.9	28.3	30.7	33.0
Software and other intangible assets	9.1	44.9	0.3	–	–	–	–	–
<b>Total</b>	<b>9 937.1</b>	<b>11 338.0</b>	<b>12 762.7</b>	<b>15 851.2</b>	<b>15 551.2</b>	<b>17 058.1</b>	<b>19 614.0</b>	<b>20 862.8</b>

## Expenditure trends

Over the MTEF period, the department receives additional allocations of R240 million, R398 million and R475 million:

- HIV and AIDS conditional grant (R200 million, R325 million and R407 million) to roll out the new dual therapy for prevention of mother to child transmission and expand antiretroviral treatment coverage
- the health disaster response (cholera) grant (R50 million)
- national prevalence survey of tuberculosis and strengthening programme management (R9 million, R18 million and R12 million)
- establishing the new South African Health Products Regulatory Authority (R7 million, R14.5 million and R23 million)
- establishing an office of standards compliance, including an ombudsman and complaints function (R5 million, R7.5 million and R10 million)
- conducting a primary health care facilities audit (R5 million, R10 million and R4 million).

Additions to the national tertiary services grant and the hospital revitalisation grant are to address higher than anticipated cost increases.

Departmental spending has grown at an average annual rate of 16.8 per cent, from R9.9 billion in 2005/06 to R15.9 billion in 2008/09. The budget grows by 7.6 per cent in 2009/10 to R17.1 billion and by an average annual rate of 9.6 per cent over the MTEF period to reach R20.9 billion by 2011/12. This amounts to real growth of R5.3 billion over six years. Between 2005/06 and 2011/12 the major areas of growth are in the *HIV and AIDS and STIs* subprogramme (in the *Strategic Health Programmes* programme), which has grown by R2.7 billion in real terms and the *Hospitals and Health Facilities Management* subprogramme (in the *Health Services* programme and which contains the hospital revitalisation grant), which has grown by R2.8 billion in real terms.

### Savings and reprioritisation

Savings amounting to R122.6 million have been identified over the MTEF period. These include specifically savings of R38.2 million (2009/10), R42.9 million (2010/11) and R41.5 million (2011/12) that have been identified particularly in areas of historical under-expenditure such as in goods and services and transfers and subsidies.

Most infrastructure spending occurs through the hospital revitalisation grant, which supports the construction of new hospitals and the upgrading of existing hospitals in provinces. This grant has increased from R1.1 billion in 2005/06 to R4.2 billion by 2011/12.

In 2007/08, a total of 20 business cases for hospital revitalisation were prepared by provincial departments of health and approved by the national Department of Health. All business cases for tertiary hospitals are approved by both the modernisation of tertiary services and hospital revitalisation teams to ensure alignment between the two processes. Hospital business cases also had to be consistent with the provincial service transformation plans. During the reporting period, 33 hospitals were under construction and 11 were in the planning phase, as part of the hospital revitalisation project. Three hospitals were nearing completion: Dilokong and Nkhensani in Limpopo, and Barkley West in Northern Cape.

In 2008/09, the Department of Health received 15 business cases from provinces. Provincial departments were assisted to review these business cases. In 2008/09, the national department received and is evaluating business cases for, among others, five tertiary hospitals: New Nelspruit, New Limpopo Academic, King Edward VIII, Kimberly and Rustenburg hospitals. The aim is that, once fully revitalised, the five hospitals will provide tertiary 1 services, and serve as provincial referral hospitals. Hospital revitalisation projects are shown in the additional tables.

### Departmental receipts

The largest source of departmental revenue is from fees for the registration of medicines by the Medicines Control Council. The process of reforming and establishing the council as a juristic person has not yet been finalised, which is why its revenue is included in the Department of Health's revenue projection over the MTEF period.

**Table 14.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>59 924</b>	<b>33 303</b>	<b>41 193</b>	<b>5 630</b>	<b>29 511</b>	<b>29 525</b>	<b>35 112</b>	<b>29 558</b>
Sales of goods and services produced by department	58 351	32 146	39 447	4 646	28 527	28 534	34 106	28 548
Sales of scrap, waste, arms and other used current goods	5	41	67	71	71	80	84	88
Interest, dividends and rent on land	98	212	297	246	246	246	252	252
Financial transactions in assets and liabilities	1 470	904	1 382	667	667	665	670	670
<b>Total</b>	<b>59 924</b>	<b>33 303</b>	<b>41 193</b>	<b>5 630</b>	<b>29 511</b>	<b>29 525</b>	<b>35 112</b>	<b>29 558</b>

## Programme 1: Administration

### Expenditure estimates

**Table 14.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	0.9	1.0	1.0	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.7	0.7	0.3	0.8	1.4	1.5	1.6
Management	14.4	16.4	19.7	24.8	25.9	27.8	29.5
Corporate Services	115.1	123.8	154.5	178.4	161.1	177.4	193.2
Property Management	32.1	33.8	38.2	41.6	46.5	51.6	54.7
<b>Total</b>	<b>163.2</b>	<b>175.6</b>	<b>213.6</b>	<b>246.7</b>	<b>236.6</b>	<b>260.1</b>	<b>280.9</b>
Change to 2008 Budget estimate				31.0	9.0	15.4	21.8

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

#### Economic classification

	152.0	171.3	206.2	220.3	230.8	253.0	272.9
<b>Current payments</b>							
Compensation of employees	61.5	67.9	75.6	84.3	88.7	95.5	101.2
Goods and services	90.4	103.4	130.6	136.0	142.1	157.5	171.7
of which:							
Administrative fees	0.2	0.1	0.1	0.4	0.4	0.4	0.5
Advertising	4.9	8.7	11.3	5.9	6.2	6.8	7.5
Assets less than R5 000	1.2	0.9	0.7	3.0	3.1	3.4	3.7
Audit costs: External	4.8	5.8	5.4	8.1	8.5	9.4	10.3
Bursaries (employees)	0.7	0.5	0.5	0.8	0.8	0.9	0.9
Catering: Departmental activities	–	1.4	1.0	1.2	1.2	1.4	1.5
Communication	9.2	9.8	9.4	9.5	10.0	11.1	12.1
Computer services	2.3	2.4	8.0	6.0	6.3	7.0	7.6
Consultants and professional services: Business and advisory services	2.1	2.8	6.8	3.9	4.1	4.5	5.0
Consultants and professional services: Legal costs	4.4	3.6	5.8	9.6	10.0	11.1	12.1
Contractors	1.1	1.8	1.5	0.7	0.8	0.9	0.9
Agency and support / outsourced services	–	–	–	1.3	1.3	1.5	1.6
Entertainment	0.6	0.0	0.1	0.4	0.4	0.5	0.5
Inventory: Materials and supplies	0.6	0.3	0.6	0.3	0.3	0.3	0.3
Inventory: Other consumables	0.1	0.3	0.2	0.7	0.7	0.8	0.9
Inventory: Stationery and printing	4.2	6.6	5.5	5.7	5.9	6.5	7.1
Lease payments	33.6	34.2	39.2	43.0	44.9	49.8	54.3
Owned and leasehold property expenditure	0.0	1.0	0.2	–	–	–	–
Transport provided: Departmental activities	0.1	0.1	0.0	–	–	–	–
Travel and subsistence	16.9	18.5	29.1	23.9	25.0	27.7	30.2
Training and development	0.7	0.7	0.9	5.0	5.3	5.8	6.4
Operating expenditure	1.5	1.7	2.0	3.8	4.0	4.4	4.8
Venues and facilities	1.1	2.0	2.3	2.7	2.8	3.1	3.4
Financial transactions in assets and liabilities	0.0	0.1	0.0	–	–	–	–

Table 14.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>0.6</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
Provinces and municipalities	0.2	0.1	–	–	–	–	–
Departmental agencies and accounts	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Households	0.2	0.1	0.2	–	–	–	–
<b>Payments for capital assets</b>	<b>10.6</b>	<b>3.9</b>	<b>7.0</b>	<b>26.1</b>	<b>5.5</b>	<b>6.8</b>	<b>7.7</b>
Buildings and other fixed structures	6.2	0.3	–	–	–	–	–
Machinery and equipment	2.9	2.7	7.0	26.1	5.5	6.8	7.7
Software and other intangible assets	1.5	0.9	0.0	–	–	–	–
<b>Total</b>	<b>163.2</b>	<b>175.6</b>	<b>213.6</b>	<b>246.7</b>	<b>236.6</b>	<b>260.1</b>	<b>280.9</b>

## Expenditure trends

Expenditure in the *Administration* programme increased by an average annual 14.8 per cent between 2005/06 and 2008/09 and is set to grow by an average annual 4.4 per cent over the MTEF period. Increases are mainly due to more spending in goods and services. The 15.7 per cent average annual increase in 2008/09 in the *Corporate Services* subprogramme is due to the R21.8 million rollover for upgrading and commissioning the Civitas building.

## Programme 2: Strategic Health Programmes

- *Maternal, Child and Women's Health and Nutrition* formulates and monitors policies, guidelines, and norms and standards for maternal, child and youth, and women's health and nutrition.
- *HIV and AIDS and STIs* develops policy and administers the national HIV and AIDS and sexually transmitted infections (programmes, including coordinating the implementation of the comprehensive HIV and AIDS plan and the related conditional grant. The programme also manages strategic partnerships and provides secretariat support to the South African National AIDS Council.
- *Communicable Diseases* is responsible for developing policies and supporting provinces to ensure the control of infectious diseases. It is also responsible for several occupational health functions, and cooperates with the Medical Bureau for Occupational Diseases and the Compensation Commission for Occupational Diseases.
- *Non-Communicable Diseases* establishes guidelines on chronic diseases, disability, older people, oral health and mental health. It is also responsible for developing a national forensic pathology service, rationalising blood transfusion services, and overseeing the National Health Laboratory Service, including the National Institute of Communicable Diseases and the National Centre for Occupational Diseases.
- *TB Control and Management* develops interventions to curb the spread of tuberculosis, supports and oversees the implementation of the tuberculosis crisis management plan, and monitors and improves national tuberculosis performance indicators.

## Objectives and measures

- Reduce infant, child and youth morbidity and mortality by:
  - improving immunisation coverage from 84 per cent in 2006/07 to 90 per cent in 2011/12
  - implementing dual therapy to prevent mother to child transmission of HIV, increasing the number of pregnant women who are tested for HIV from 80 per cent in 2009/10 to 95 per cent in 2010/11, and increasing the percentage of HIV positive mothers and their infants who receive dual therapy from 80 per cent in 2009/10 to 95 per cent in 2011/12
  - ensuring that all districts achieve more than 90 per cent full immunisation coverage by 2010/11
  - ensuring that primary health care staff are trained to implement the Reach Every District strategy.

- Reduce maternal mortality by ensuring that 100 per cent of institutions implement recommendations from the Saving Mothers Saving Babies report by March 2012. (The recommendations include: making clinical protocols widely available, improving information available to mothers, staffing and equipping to appropriate normative levels, and improving anaesthetic, blood and contraceptive availability.)
- Reduce HIV prevalence among antenatal attendees from 28 per cent in 2007 to 15 per cent in 2011 (as per the target of the national strategic plan for HIV and AIDS for 2007 to 2011) by scaling up prevention programmes.
- Increase the national tuberculosis cure rate from 60 per cent in 2008 to 70 per cent in 2010 by improving interventions for tuberculosis control and management.
- Improve access to essential medicines by:
  - maintaining zero stock out levels of drugs annually on the essential drugs list, TB drugs and ARV medicines
  - ensuring that 100 per cent of applications that meet requirements are licensed to dispense medicines in terms of section 22C of the Medicines and Related Substances Act (1965).
- Ensure compliance with relevant legislation by inspecting 30 per cent of licensed prescribers per year.
- Reduce alcohol abuse by ensuring that all nine provinces implement the strategy to reduce harmful use of alcohol by March 2012 by:
  - screening patients for alcohol abuse at 100 per cent of primary health care facilities
  - introducing the mandatory labelling of alcohol beverages with health messages.

### **Service delivery and spending focus**

Voluntary counselling and testing, and prevention of mother to child transmission services were provided in more than 95 per cent of health facilities. Steady progress was also made with the distribution of condoms, with 1.9 million female condoms being distributed. However, only 169 million male condoms were distributed by September 2008 against the 2008/09 target of 450 million male condoms, as a batch of defective condoms had to be recalled during the year.

By the end of November 2008, 630 775 patients had been initiated on antiretroviral therapy, of which 574 496 were adults, and 56 279 children. The 2007 antenatal care survey reflected a 1 per cent reduction in HIV prevalence between 2006 and 2007, and a 2 per cent reduction between 2005 and 2007. 259 operational high transmission sites had been established by September 2008, exceeding the 2008/09 target of 253 sites.

Strategies to improve HIV prevention will be implemented to achieve the target of 50 per cent reduction in new HIV infections by 2011. A new dual therapy policy for the prevention of mother to child transmission was introduced in February 2008. In 2009/10, the implementation of this policy will be accelerated to further reduce the proportion of infants born HIV positive.

The tuberculosis cure rate of 60 per cent has increased from 57.7 per cent in 2006/07. Tuberculosis tracer teams are being appointed and placed in districts across South Africa to help reduce the defaulter rate, resulting in a decrease in the defaulter rate from 10.4 per cent in 2006/07 to 7.9 per cent in September 2008. Most tuberculosis patients who presented to the health facilities in 2008 were tested for HIV. Provincial health workers are continuously being trained on tuberculosis control. One of the challenges is the lack of reliable data on community prevalence of tuberculosis and multi-drug resistant and extensively drug resistant strains. A national prevalence survey of tuberculosis will be conducted in 2009/10.

A 36 per cent reduction in the number of malaria cases was observed in the first half of 2008, compared to 2007. 553 malaria cases were reported during this period, compared to 886 in 2007/08. Furthermore, 3 malaria deaths were reported by September 2008, compared to 13 by September 2007/08, which reflects a 66 per cent decrease. This was consistent with the 2008/09 target of a 10 per cent reduction in malaria cases and deaths annually. The department continues to collaborate with neighbouring countries on malaria control. A trans-Limpopo malaria initiative meeting was held in Zimbabwe in August 2008 to draft a proposal for malaria control across the two countries.



National immunisation coverage of 86 per cent was achieved in 2008/09, against a target of 90 per cent. Three new vaccines will be progressively implemented in 2009/10, with the aim of reducing child mortality. The new vaccines target the most common forms of pneumonia (pneumococcal) and diarrhoea (rotavirus).

The department will also implement key initiatives to reduce morbidity and mortality, as outlined in the national strategic plan for maternal, neonatal, child and women's health and nutrition for South Africa 2008 to 2013. The initial focus of this strategy will be on 18 of the most deprived districts countrywide.

## Expenditure estimates

**Table 14.5 Strategic Health Programmes**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Maternal, Child and Women's Health and Nutrition	16.4	19.3	20.0	25.0	26.5	28.1	29.8
HIV and Aids and STIs	1 511.8	1 953.3	2 385.1	3 410.8	3 962.2	4 820.7	5 174.4
Communicable Diseases	4.6	5.8	5.3	8.4	60.9	12.4	14.0
Non-Communicable Diseases	373.5	669.2	676.7	732.8	620.7	693.8	735.4
TB Control and Management	8.9	11.2	9.2	12.9	21.9	32.1	26.9
<b>Total</b>	<b>1 915.3</b>	<b>2 658.8</b>	<b>3 096.3</b>	<b>4 189.9</b>	<b>4 692.3</b>	<b>5 587.2</b>	<b>5 980.5</b>
Change to 2008 Budget estimate				476.9	229.1	311.9	390.6

### Economic classification

	286.4	291.7	300.5	434.5	407.6	435.9	457.6
<b>Current payments</b>							
Compensation of employees	51.9	55.9	63.2	68.9	70.6	76.1	80.5
Goods and services	233.9	235.7	237.3	365.6	337.0	359.8	377.1
<i>of which:</i>							
Administrative fees	0.0	0.0	0.0	0.7	0.7	0.7	0.7
Advertising	81.2	30.1	11.2	100.4	82.7	87.9	92.1
Assets less than R5 000	0.7	0.6	0.7	1.6	1.5	1.6	1.7
Catering: Departmental activities	–	1.0	0.7	1.5	1.4	1.5	1.6
Communication	3.1	3.1	2.0	1.4	1.3	1.4	1.5
Computer services	8.5	0.0	1.4	0.5	0.5	0.5	0.6
Consultants and professional services: Business and advisory services	16.7	6.8	93.1	10.3	9.9	10.6	11.1
Consultants and professional services: Laboratory service	3.8	0.5	0.1	0.1	0.1	0.1	0.1
Contractors	1.9	6.5	2.8	9.1	8.7	9.3	9.8
Agency and support / outsourced services	–	–	–	4.6	4.4	4.7	4.9
Entertainment	1.0	0.0	0.0	0.2	0.2	0.2	0.2
Inventory: Fuel, oil and gas	–	–	0.0	0.5	0.4	0.5	0.5
Inventory: Medical supplies	71.9	133.5	80.8	140.1	134.4	143.6	150.6
Inventory: Other consumables	0.2	0.2	0.1	2.6	2.5	2.7	2.8
Inventory: Stationery and printing	3.4	6.6	6.0	17.1	16.4	17.6	18.4
Lease payments	0.4	0.4	0.4	2.0	1.9	2.1	2.2
Owned and leasehold property expenditure	0.7	0.5	0.5	–	–	–	–
Travel and subsistence	18.1	21.3	24.8	35.4	34.0	36.3	38.1
Training and development	2.2	1.2	0.8	–	–	–	–
Operating expenditure	13.9	16.8	2.6	26.2	25.1	26.9	28.2
Venues and facilities	6.0	6.4	9.0	11.0	10.5	11.2	11.8
Financial transactions in assets and liabilities	0.5	0.2	–	–	–	–	–



Table 14.5 Strategic Health Programmes (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>1 613.5</b>	<b>2 350.3</b>	<b>2 783.7</b>	<b>3 740.8</b>	<b>4 269.3</b>	<b>5 135.0</b>	<b>5 505.6</b>
Provinces and municipalities	1 422.2	2 177.9	2 558.0	3 490.1	4 017.8	4 868.7	5 223.3
Departmental agencies and accounts	60.2	54.9	72.1	70.6	71.4	75.5	79.9
Universities and technikons	4.0	–	0.4	1.0	1.0	1.1	1.1
Foreign governments and international organisations	1.0	–	–	–	–	–	–
Non-profit institutions	125.7	117.3	153.1	178.9	179.0	189.8	201.2
Households	0.3	0.2	0.2	0.2	–	–	–
<b>Payments for capital assets</b>	<b>15.4</b>	<b>16.8</b>	<b>12.1</b>	<b>14.7</b>	<b>15.4</b>	<b>16.3</b>	<b>17.3</b>
Machinery and equipment	7.9	15.5	11.9	14.7	15.4	16.3	17.3
Software and other intangible assets	7.6	1.3	0.2	–	–	–	–
<b>Total</b>	<b>1 915.3</b>	<b>2 658.8</b>	<b>3 096.3</b>	<b>4 189.9</b>	<b>4 692.3</b>	<b>5 587.2</b>	<b>5 980.5</b>

## Details of selected transfers and subsidies

<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Current</b>	<b>1 422.0</b>	<b>1 942.7</b>	<b>2 259.5</b>	<b>3 287.0</b>	<b>4 017.8</b>	<b>4 868.7</b>	<b>5 223.3</b>
Comprehensive HIV and Aids grant	1 150.1	1 616.2	2 006.2	2 885.4	3 476.2	4 311.8	4 633.0
Forensic pathology services grant	271.9	326.5	253.2	401.6	491.7	557.0	590.4
Disaster management: Cholera	–	–	–	–	50.0	–	–
<b>Capital</b>	<b>–</b>	<b>235.2</b>	<b>298.6</b>	<b>203.1</b>	<b>–</b>	<b>–</b>	<b>–</b>
Forensic pathology services grant	–	235.2	298.6	203.1	–	–	–
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>60.2</b>	<b>54.9</b>	<b>72.1</b>	<b>70.6</b>	<b>71.4</b>	<b>75.5</b>	<b>79.9</b>
Human Sciences Research Council	–	5.6	3.0	0.4	–	–	–
National Health Laboratory Services	60.2	49.3	69.1	70.2	71.4	75.5	79.9
<b>Universities and technikons</b>							
<b>Current</b>	<b>4.0</b>	<b>–</b>	<b>0.4</b>	<b>1.0</b>	<b>1.0</b>	<b>1.1</b>	<b>1.1</b>
Medical University of Southern Africa	2.0	–	0.4	0.5	0.5	0.5	0.6
University of Cape Town	2.0	–	–	0.5	0.5	0.5	0.6
<b>Non-profit institutions</b>							
<b>Current</b>	<b>125.0</b>	<b>115.9</b>	<b>152.0</b>	<b>177.1</b>	<b>177.2</b>	<b>187.8</b>	<b>199.1</b>
Council for the Blind	0.4	0.5	0.5	0.5	0.6	0.6	0.6
HIV and AIDS: Non-governmental organisations	49.6	52.3	53.6	60.1	61.4	65.1	69.0
Life Line	13.0	14.0	15.0	11.0	11.6	12.2	13.0
loveLife	37.0	35.0	40.0	76.0	73.0	77.4	82.0
Soul City	12.0	11.1	17.0	14.0	16.0	17.0	18.0
South African Aids Vaccine Initiative	10.0	–	23.0	12.0	11.0	11.7	12.4
Tuberculosis: Non-governmental organisations	3.0	3.1	2.9	3.5	3.7	3.9	4.1

## Expenditure trends

The average annual growth over the MTEF period of 12.6 per cent is mainly due to the strong growth in the *HIV and AIDS and STIs* subprogramme, which has grown from R1.5 billion in 2005/06 to R4.6 billion in 2011/12. For the 2009 Budget, particular attention has gone to rolling out treatment coverage and implementing the improved dual therapy prevention of mother to child transmission programme. Increases in the *TB Control and Management* subprogramme are for conducting a national prevalence survey. The 621.2 per cent average annual increase in the *Communicable Diseases* subprogramme in 2009/10 is for the new health disaster response (cholera) grant, which has been introduced to contain the cholera outbreak in Limpopo. The forensic pathology grant makes up the largest part of the *Non-Communicable Diseases* subprogramme.

## Public entity

### National Health Laboratory Service

#### Strategic overview: 2005/06 – 2011/12

The National Health Laboratory Service is the largest diagnostic pathology service in South Africa, with a network of approximately 268 pathology laboratories employing over 6 500 people, serving mainly the public sector. The entity was established in 2001 in terms of the National Health Laboratory Service Act (2000) to form a single national public health laboratory service, incorporating the previous South African Institute for Medical Research and various national and provincial laboratories.

Research conducted by the service covers a wide range of activities across all pathology disciplines. Laboratory services provided include microbiology, virology, chemical pathology, haematology, parasitology and immunology. It is also responsible for undergraduate and postgraduate pathology training in the medical curricula of eight universities.

The National Health Laboratory Service has three specialised institutes:

- The National Institute of Communicable Diseases was established in January 2002, replacing the previous National Institute for Virology, and microbiology, parasitology and entomology laboratories from the former South African Institute of Medical Research, to create a comprehensive public health communicable diseases institution.
- The National Institute for Occupational Health supports the development and provision of occupational health services in South Africa.
- The National Cancer Registry provides epidemiological information for cancer surveillance and assists in building national awareness of cancer.

The National Health Laboratory Service has demonstrated the ability to increase service delivery and provide diagnostic services, teaching and research opportunities for South Africa. The increase in demand for its services will require innovation, the adoption of improved test methods and investments in technology to ensure that the organisation delivers on its mandate and is not constrained by the current shortage of skills.

In October 2006, the service incorporated the laboratories in KwaZulu-Natal, the last of the provinces to be incorporated in terms of the act. The effect of this incorporation was that the operations, assets and liabilities of the laboratories in KwaZulu-Natal were transferred to the service. This inclusion of 53 laboratories added a further 17 per cent to service capacity, increasing the provision of services managed by 35 per cent during 2006/07.

#### Selected performance and operations indicators

**Table 14.6 National Health Laboratory Services**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of operating sites with viral load laboratories each year	8	8	20	25	30	35	40
Number of viral load tests each year	160 417	373 694	564 000	650 000	800 000	1 000 000	1 200 000
Number of operating sites with CD4 laboratories each year	24	24	47	51	55	60	65
Number of test requests received for CD4 tests each year	704 131	1 566 276	2 000 000	2 000 000	3 000 000	3 500 000	4 000 000
Number of tuberculosis sputum tests each year	2 419 877	2 777 659	2 982 841	3 769 527	4 146 480	4 561 127	5 017 240
Number of tuberculosis cultures each year	501 523	630 899	722 229	934 793	1 028 272	1 131 099	1 244 210

#### Service delivery and spending focus

Key areas of focus include providing cost effective and efficient health laboratory services, supporting health research, and providing health science education. Achievements in these areas include: the National Health

Laboratory Service price list being on average 46 per cent lower than the national reference price list; the appointment of 182 scientists and 32 additional intern medical scientists; and the signing of an umbrella agreement with 9 medical universities and universities of technology to prepare for the conclusion of the bilateral agreements.

A new laboratory information system is currently being implemented in KwaZulu-Natal at an approximate cost of R200 million. If all criteria are met, the system will be rolled out to all National Health Laboratory Service laboratories over the MTEF period. The spending focus over the MTEF period will be primarily on laboratory consumables, laboratory equipment, building renovations and labour costs.

A major challenge remains attracting and retaining skilled and experienced professionals, such as pathologists, technologists and IT professionals.

## Expenditure Estimates

**Table 14.7 National Health Laboratory Service: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>1 351.3</b>	<b>1 788.0</b>	<b>2 275.9</b>	<b>2 544.8</b>	<b>2 755.7</b>	<b>2 775.9</b>	<b>2 970.3</b>
Sale of goods and services other than capital assets <i>of which:</i>	1 323.5	1 745.6	2 232.3	2 438.8	2 625.5	2 631.9	2 816.2
<i>Sales by market establishments</i>	1 323.5	1 745.6	2 232.3	2 438.8	2 625.5	2 631.9	2 816.2
<i>Other non-tax revenue</i>	27.8	42.4	43.6	106.0	130.1	144.0	154.1
<b>Transfers received</b>	<b>74.3</b>	<b>93.3</b>	<b>104.9</b>	<b>70.6</b>	<b>71.8</b>	<b>75.9</b>	<b>80.4</b>
<b>Total revenue</b>	<b>1 425.6</b>	<b>1 881.3</b>	<b>2 380.9</b>	<b>2 615.4</b>	<b>2 827.5</b>	<b>2 851.8</b>	<b>3 050.6</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>1 253.7</b>	<b>1 696.7</b>	<b>2 134.0</b>	<b>2 370.4</b>	<b>2 623.0</b>	<b>2 717.8</b>	<b>2 911.9</b>
Compensation of employees	298.1	337.9	350.5	390.8	451.6	496.7	531.5
Goods and services	937.9	1 327.6	1 737.9	1 947.8	2 134.2	2 177.7	2 329.3
Depreciation	15.7	30.5	44.9	31.1	36.4	42.5	50.2
Interest, dividends and rent on land	2.0	0.7	0.7	0.7	0.8	0.8	0.9
<b>Transfers and subsidies</b>	<b>1.5</b>	<b>1.4</b>	<b>1.7</b>	<b>1.8</b>	<b>2.3</b>	<b>2.5</b>	<b>2.7</b>
<b>Total expenses</b>	<b>1 255.2</b>	<b>1 698.0</b>	<b>2 135.7</b>	<b>2 372.2</b>	<b>2 625.3</b>	<b>2 720.3</b>	<b>2 914.6</b>
<b>Surplus / (Deficit)</b>	<b>170.4</b>	<b>183.2</b>	<b>245.2</b>	<b>243.2</b>	<b>202.2</b>	<b>131.5</b>	<b>136.0</b>
<b>Statement of financial position</b>							
Carrying value of assets	225.0	356.3	433.8	472.9	703.8	882.3	1 013.8
<i>of which: Acquisition of assets</i>	56.6	165.4	126.5	75.5	273.0	227.0	188.3
Inventory	18.9	29.6	51.7	81.7	78.7	78.7	78.7
Receivables and prepayments	324.5	586.8	856.6	956.6	956.6	956.6	956.6
Cash and cash equivalents	288.5	296.9	256.2	406.5	469.0	514.9	562.1
<b>Total assets</b>	<b>857.0</b>	<b>1 269.7</b>	<b>1 598.2</b>	<b>1 917.7</b>	<b>2 208.1</b>	<b>2 432.5</b>	<b>2 611.2</b>
Accumulated surplus/deficit	152.6	339.6	589.6	887.9	1 131.2	1 306.8	1 489.9
Capital and reserves	147.0	181.8	178.0	174.2	170.3	166.5	162.7
Post-retirement benefits	256.3	346.1	356.9	356.9	376.9	401.8	376.9
Trade and other payables	228.9	330.0	399.2	424.2	434.2	444.2	454.2
Liabilities not classified elsewhere	72.1	72.1	74.4	74.5	95.4	113.1	127.5
<b>Total equity and liabilities</b>	<b>857.0</b>	<b>1 269.7</b>	<b>1 598.2</b>	<b>1 917.7</b>	<b>2 208.1</b>	<b>2 432.5</b>	<b>2 611.2</b>

## Expenditure trends

Total revenue grew from R1.4 billion in 2005/06 to R2.6 billion in 2008/09 at an average annual rate of 22.3 per cent. Total revenue over the MTEF period increases from R2.6 billion in 2008/09 to R3 billion in 2011/12, at an average annual rate of 5.4 per cent. Over the MTEF period, the National Health Laboratory

Service receives an annual transfer of approximately R76 million from the national Department of Health. Most revenue, however, is derived from pathology services to provinces at an average of R2.7 billion annually over the medium term.

The largest expenditure item is goods and services, which increased from R938 million in 2005/06 to R1.9 billion in 2008/09 at an average annual rate of 27.4 per cent, due to the steep increase in test volumes associated with HIV and AIDS and tuberculosis. Compensation of employees is expected to increase from R390.8 million in 2008/09 to R531.5 million at an average annual rate of 10.8 per cent in 2011/12.

Due to the historically limited accessibility to health services in the rural areas and the increasing health burden posed by HIV and tuberculosis, it is anticipated that the demand for laboratory services will continue to grow. To meet the demand, the National Health Laboratory Service will adopt new technology platforms, automating many of the processes and investigating new assays to improve on current diagnostic methods.

In an environment of scarce skills, the National Health Laboratory Service is continuously exploring new systems and improved technologies to deal with increased demand, while ensuring better turnaround times and improved quality. Significant investments have been made for improving specimen collection and expediting patient results to clinicians.

### Programme 3: Health Planning and Monitoring

- *Health Information, Research and Evaluation* develops and maintains a national health information system, and commissions and coordinates research. It provides disease surveillance and epidemiological analyses and technical and epidemiological leadership during disease outbreaks; conducts training on epidemic prone disease prevention, preparedness and control; and monitors and evaluates health programmes. It provides funding to the Medical Research Council and oversees its activities.
- *Financial Planning and Health Economics* undertakes health economics research and develops policy for medical schemes, social health insurance and public private partnerships. It oversees and provides funding to the Council for Medical Schemes.
- *Pharmaceutical Policy and Planning* monitors the procurement and supply of drugs, and ensures that there are no stock-outs of essential drugs, especially paediatric, tuberculosis and antiretroviral medicines in accredited sites.
- *Office of Standards Compliance* deals with quality assurance, licensing and the certificates of need required in terms of the National Health Act (2003). It also regulates and conducts inspections for radiation control.

### Objectives and measures

- Improve information on population health and health services by completing data analysis and publication of the 2008 South African health and demographic survey.
- Monitor HIV and syphilis prevalence by conducting the 2009 and 2010 national HIV survey and the syphilis survey in 2010.
- Improve the quality of health services by:
  - developing and refining quality standards for the health sector and monitoring compliance with these in health facilities annually
  - strengthening the office of standards compliance and appointing an ombudsman to address complaints about health services by March 2010.
- Improve effectiveness and equity in health financing by developing policy proposals and the legislative framework to facilitate the creation of national health insurance by 2011/12.

### Service delivery and spending focus

A national health facility improvement plan has been developed for each of the 27 hospitals, based on the results of appraisals conducted by health teams from June to August 2008, and coordinated by the new national office

of standards compliance. Individual hospital performance was measured against an improved set of national core standards, structured around the seven areas of: patient safety; clinical care; governance and management; patient experience of care; access to care; infrastructure and environment; and public health. These areas cover the essential requirements of a quality assurance programme for health facilities.

Progress is already evident in all 27 hospitals, with management teams developing and implementing measures to resolve areas of inadequate performance identified by the audits. The process of supportive facilitation at national, provincial and local levels was started in July 2008 and initially covered 19 hospitals. By the end of September 2008, improvement plans had been developed for 25 hospitals, and support extended to them. The methods employed are aimed at assisting facilities to focus on achieving results to address specific problems as they arise, thereby building their capacity to improve quality in the long term.

Interventions are planned to strengthen the quality of care in 2009/10. The office of standards compliance is being established in terms of the National Health Act (2003) and an ombudsman will be created to investigate and resolve complaints lodged in terms of this legislation.

Data comprehensiveness and reliability have improved steadily. Health information is being used across all provinces for developing and managing various health plans and monitoring their implementation. However, the use of information varies across the 52 districts.

Key challenges faced by the health system include inadequate infrastructure and personnel for strengthening health information systems at the primary health care level. A national audit of primary health care facilities will be conducted in 2009/10, with a view to generating comprehensive and reliable information about primary health care services and infrastructure. The audit will be used to inform future developments of primary health care services.

The department also initiated discussions with the Department of Home Affairs aimed at streamlining birth and death information systems.

The department is researching the development of mandatory insurance systems, such as the national health insurance. The department is proposing that the national health insurance be funded from two sources of revenue, namely general tax revenue and an earmarked mandatory contribution. In keeping with Cabinet advice received in July and August 2008, the next steps in the development of the national health insurance will include developing costed options. Consensus will be sought with key stakeholders on matters relating to the basic benefits package (essential health care package), the structure of the National Health Fund and the role of private funders and providers.

The 2009 national health reference price list was published in the Government Gazette in October 2008, and stakeholders were given one month to respond. Comments will be assessed and incorporated into the preparation of the final schedule.

## Expenditure estimates

**Table 14.8 Health Planning and Monitoring**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Health Information Research and Evaluation	210.8	233.4	251.4	260.8	277.5	293.6	311.2
Financial Planning and Health Economics	12.7	27.6	16.0	27.4	30.5	34.8	27.2
Pharmaceutical Policy and Planning	12.4	11.9	14.4	15.7	14.6	15.6	16.6
Office of Standards Compliance	23.9	28.4	27.3	30.3	34.5	38.9	43.2
<b>Total</b>	<b>259.9</b>	<b>301.3</b>	<b>309.1</b>	<b>334.1</b>	<b>357.1</b>	<b>382.9</b>	<b>398.2</b>
Change to 2008 Budget estimate				7.6	13.7	18.6	12.2

Table 14.8 Health Planning and Monitoring (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>56.3</b>	<b>68.7</b>	<b>78.3</b>	<b>89.1</b>	<b>96.2</b>	<b>106.7</b>	<b>105.7</b>
Compensation of employees	33.4	38.5	43.2	52.0	52.3	56.2	59.7
Goods and services	22.9	30.2	35.0	37.1	43.9	50.5	46.0
of which:							
Advertising	1.2	1.3	1.3	1.4	1.6	1.7	1.6
Assets less than R5 000	0.1	0.6	0.5	1.5	1.8	2.0	1.9
Catering: Departmental activities	–	0.2	0.2	0.4	0.5	0.6	0.6
Communication	0.6	0.8	0.8	1.1	1.3	1.5	1.4
Computer services	2.9	0.4	2.8	1.2	1.4	1.7	1.5
Consultants and professional services: Business and advisory services	5.5	8.7	13.0	4.7	5.5	6.4	5.8
Contractors	0.3	1.6	0.1	0.1	0.1	0.2	0.1
Agency and support / outsourced services	–	–	–	1.9	2.3	2.6	2.4
Inventory: Stationery and printing	1.9	3.4	2.5	4.4	5.2	5.9	5.4
Lease payments	0.3	0.3	0.3	0.5	0.6	0.7	0.7
Travel and subsistence	8.9	10.2	10.2	16.1	19.0	21.8	19.9
Training and development	0.3	1.3	0.7	–	–	–	–
Operating expenditure	0.2	0.9	1.2	1.6	1.9	2.2	2.0
Venues and facilities	0.3	0.4	1.1	1.7	2.0	2.4	2.1
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>201.8</b>	<b>230.0</b>	<b>229.6</b>	<b>242.3</b>	<b>258.2</b>	<b>273.1</b>	<b>289.2</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	184.4	227.5	226.9	239.7	255.4	270.1	286.1
Non-profit institutions	17.2	2.4	2.5	2.6	2.8	2.9	3.1
Households	0.1	0.1	0.2	–	–	–	–
<b>Payments for capital assets</b>	<b>1.7</b>	<b>2.6</b>	<b>1.2</b>	<b>2.8</b>	<b>2.8</b>	<b>3.1</b>	<b>3.3</b>
Machinery and equipment	1.6	2.6	1.2	2.8	2.8	3.1	3.3
Software and other intangible assets	0.1	0.0	0.0	–	–	–	–
<b>Total</b>	<b>259.9</b>	<b>301.3</b>	<b>309.1</b>	<b>334.1</b>	<b>357.1</b>	<b>382.9</b>	<b>398.2</b>

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>184.4</b>	<b>227.5</b>	<b>226.9</b>	<b>239.7</b>	<b>255.4</b>	<b>270.1</b>	<b>286.1</b>
Council for Medical Schemes	4.8	15.0	3.3	6.2	3.9	4.1	4.3
Medical Research Council	179.3	212.1	223.3	233.1	251.1	265.6	281.3
National Health Laboratory Services (cancer register)	0.3	0.3	0.4	0.4	0.4	0.4	0.4
<b>Non-profit institutions</b>							
<b>Current</b>	<b>17.2</b>	<b>2.4</b>	<b>2.5</b>	<b>2.6</b>	<b>2.8</b>	<b>2.9</b>	<b>3.1</b>
Health Systems Trust	17.2	2.4	2.5	2.6	2.8	2.9	3.1

## Expenditure trends

The programme grows at an average annual rate of 6 per cent over the MTEF period from R334.1 million in 2008/09 to R398.2 million in 2011/12. The average annual increase of 12.6 per cent over the medium term for the *Office of Standards Compliance* subprogramme is to set up the new office and establish a national programme of auditing health institutions for compliance with quality standards. Increases in the *Financial Planning and Health Economics* subprogramme are for conducting research into mandatory insurance systems.



## Public entity

### South African Medical Research Council

#### Strategic overview: 2005/06 – 2011/12

The mandate of the South African Medical Research Council is legislated in terms of the South African Medical Research Council Act (1991). The objectives of the council are to promote the improvement of the health and the quality of life of the population of South Africa through research, development and technology transfer, and to carry out other functions that may be assigned to the council in terms of the act.

The eight corporate support directorates and 45 research units are implementing the strategic plan for 2005–2010 by operationalising the strategic plan's nine objectives, outlined in the business plan for 2009 to 2011. For each strategic objective, the business plan details the actions, key performance indicators, targets and budgets for each strategic objective. These are: a research strategy and business plan, a financial model strategy and plan, opportunity and risk management, capacity development, transformation and development, innovation management and technology transfer, informatics and knowledge management, translating research, and stakeholder management.

#### Selected performance and operations indicators

**Table 14.9 South African Medical Research Council**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of peer reviewed publications	518	564	653	670	680	680	690
Number of new patents	2	1	4	3	2	2	3
Number of PhD students	51	62	57	55	73	75	75
Number of policy briefs	4	2	8	8	9	9	10
Number of research projects	558	571	694	700	710	720	730

#### Service delivery and spending focus

In March 2008, the Medical Research Council compiled a technical report on dual therapy for the prevention of mother to child transmission of HIV. The report was used to develop a new treatment protocol which could potentially save an additional 40 000 babies from being born HIV positive each year. The first clinical trial of an HIV vaccine developed in South Africa is set to start in the United States of America and South Africa in early 2009.

The council received R400 million from the Centres for Disease Control and Prevention from the United States for operational research on HIV and tuberculosis from 2008 to 2013, the largest grant ever awarded to the Medical Research Council.

The council completed the second youth risk behaviour survey and the third global youth tobacco survey in late 2008. The youth risk behaviour survey is a vital tool to measure the behavioural change in sexual practices and key risks related to HIV infection.

The Medical Research Council's priorities over the medium term include: increasing the council's budget; reducing the salary gap between council employees and the private sector; recruiting and retaining senior black African scientists; improving the morale and motivation of unit directors through flexible remuneration and other measures; and implementing the council's research strategy by consolidating the three national collaborative research programmes, covering cancer and heart disease, African traditional medicines, and drug discovery.



## Expenditure estimates

Table 14.10 SA Medical Research Council: Financial information

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>194.8</b>	<b>279.1</b>	<b>291.9</b>	<b>290.7</b>	<b>288.9</b>	<b>298.9</b>	<b>308.7</b>
Sale of goods and services other than capital assets	176.5	239.3	264.3	270.0	275.0	285.0	295.0
of which:							
Sales by market establishments	176.5	239.3	264.3	270.0	275.0	285.0	295.0
Other non-tax revenue	18.2	39.8	27.6	20.7	13.9	13.9	13.7
<b>Transfers received</b>	<b>150.9</b>	<b>175.7</b>	<b>221.3</b>	<b>233.1</b>	<b>251.1</b>	<b>265.6</b>	<b>281.3</b>
<b>Total revenue</b>	<b>345.7</b>	<b>454.8</b>	<b>513.2</b>	<b>523.8</b>	<b>540.0</b>	<b>564.5</b>	<b>590.0</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>356.3</b>	<b>424.8</b>	<b>484.7</b>	<b>507.9</b>	<b>537.8</b>	<b>564.2</b>	<b>591.3</b>
Compensation of employees	174.7	205.3	213.5	227.5	255.9	272.5	290.3
Goods and services	171.5	208.1	259.1	270.7	272.2	281.9	291.3
Depreciation	9.4	9.7	12.0	9.7	9.7	9.7	9.7
Interest, dividends and rent on land	0.6	1.7	0.1	–	0.0	0.0	0.0
<b>Total expenses</b>	<b>356.3</b>	<b>424.8</b>	<b>484.7</b>	<b>507.9</b>	<b>537.8</b>	<b>564.2</b>	<b>591.3</b>
<b>Surplus / (Deficit)</b>	<b>(10.6)</b>	<b>30.1</b>	<b>28.5</b>	<b>15.9</b>	<b>2.2</b>	<b>0.3</b>	<b>(1.3)</b>
<b>Statement of financial position</b>							
Carrying value of assets	85.8	89.9	89.6	93.8	98.7	103.5	108.4
of which: Acquisition of assets	19.9	16.6	11.5	13.5	13.6	13.6	13.6
Investments	32.0	2.6	2.7	2.7	2.8	2.8	2.8
Inventory	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Receivables and prepayments	37.7	49.5	41.2	43.0	45.0	45.0	45.0
Cash and cash equivalents	272.4	301.7	333.7	327.9	321.3	317.4	311.4
<b>Total assets</b>	<b>428.4</b>	<b>444.2</b>	<b>467.5</b>	<b>467.8</b>	<b>468.2</b>	<b>469.2</b>	<b>468.0</b>
Accumulated surplus/deficit	42.1	62.3	90.9	106.8	109.0	109.3	108.1
Capital and reserves	–	1.4	1.4	–	–	–	–
Borrowings	0.0	0.0	–	–	–	–	–
Post-retirement benefits	45.2	22.3	3.9	4.0	4.2	4.4	4.4
Trade and other payables	53.6	53.1	64.6	60.0	60.0	60.0	60.0
Provisions	9.9	12.2	17.8	16.0	14.0	14.5	14.5
Managed funds	1.4	0.9	1.0	1.0	1.0	1.0	1.0
Liabilities not classified elsewhere	276.2	291.9	287.9	280.0	280.0	280.0	280.0
<b>Total equity and liabilities</b>	<b>428.4</b>	<b>444.2</b>	<b>467.5</b>	<b>467.8</b>	<b>468.2</b>	<b>469.2</b>	<b>468.0</b>

## Expenditure trends

Revenue over the MTEF period is projected to be R1.7 billion, of which R798.1 million is a transfer from the Department of Health. Total revenue increases at an average annual rate of 4 per cent over the MTEF period. An additional R35 million was received from other government institutions to conduct research on their behalf in 2008/09. The main expenditure item is compensation of employees, which constitutes 50 per cent total expenditure in 2011/12.

The largest expenditure on a single project area is on HIV vaccine and prevention, where R112.5 million is expected to be spent in 2008/09, increasing to R127.1 million in 2011/12, representing an average annual increase of 4.2 per cent over the medium term. Other major project areas that receive funding include tuberculosis epidemiology (R35.5 million in 2008/09) and diabetes (R21.9 million in 2008/09).

## Programme 4: Human Resources Management and Development

- *Human Resources Policy, Research and Planning* is responsible for medium to long term human resources planning in the national health system. Its functions include implementing the national human resources for health plan, facilitating capacity development for sustainable health workforce planning, and developing and implementing information systems for planning and monitoring purposes.
- *Sector Labour Relations and Planning* provides the resources and expertise for bargaining in the national Public Health and Social Development Sectoral Bargaining Council.
- *Human Resources Development and Management* is responsible for developing human resources policies, and norms and standards, and for the efficient management of the employees of the national Department of Health.

### Objectives and measures

- Improve the human resource capacity in the health sector by:
  - providing support to human resource planning in provinces by assisting provinces to produce human resource plans. Presently, human resource plans have been developed for 5 provinces. The remaining 4 provinces will be supported to develop in 2009/10, and the existing plan will be refined and updated
  - developing and implementing human resources information systems in all 9 provinces and 15 districts by 2009/10.
- Improve the remuneration framework for doctors, dentists, pharmacists and emergency medical services personnel by finalising the implementation of the occupation specific dispensation for medical doctors and related categories in time for the matter to enter the Public Service Coordinating Bargaining Council in early 2009.

### Service delivery and spending focus

The implementation of the occupation specific dispensation for nurses continued in 2008. The key priority for 2009/10 is the implementation of the next phase of the dispensation for doctors, dentists, pharmacists and emergency medical services personnel.

The department introduced new categories of mid-level workers. Mid-level workers such as pharmacy assistants and physiotherapy assistants are categorised as sub-professionals, able to provide a limited set of services, thus allowing the professional to focus on more complex tasks. In January 2008, 23 students were enrolled at the Walter Sisulu University for the clinical associates programme. The new emergency care technical qualification was also approved by the South African Qualification Authority. 4 565 professionals from 10 health professions started their internship and community service in January 2007. In January 2008, the department introduced the two-year medical internship policy to improve medical training.

In 2008, 115 Cuban doctors, who are still serving health facilities in terms of government-to-government agreements, received a three-year extension of their treaty permits and Health Professions Council of South Africa registration. 36 Tunisian doctors were also appointed and deployed to five provinces.

The department aims to improve its electronic information system on human resources. Planned activities for 2009/10 include: the development of strategic human resources reports; the tracking of training related information; and I-recruitment, which entails placing advertisements on the department's website in addition to the conventional print media.

## Expenditure estimates

**Table 14.11 Human Resources Management and Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Human Resources Policy, Research and Planning	4.5	3.3	3.9	9.3	9.1	7.9	8.4
Sector Labour Relations and Planning	0.9	1.9	2.0	4.4	5.1	5.4	5.7
Human Resources Development and Management	1 525.8	1 570.7	1 607.7	1 699.1	1 772.1	1 880.8	1 993.7
<b>Total</b>	<b>1 531.2</b>	<b>1 576.0</b>	<b>1 613.6</b>	<b>1 712.8</b>	<b>1 786.2</b>	<b>1 894.2</b>	<b>2 007.8</b>
Change to 2008 Budget estimate				(1.4)	(0.3)	(0.9)	(0.9)

### Economic classification

<b>Current payments</b>	<b>10.8</b>	<b>13.5</b>	<b>17.2</b>	<b>32.9</b>	<b>25.7</b>	<b>28.2</b>	<b>29.9</b>
Compensation of employees	5.8	8.9	11.9	11.5	14.3	15.4	16.3
Goods and services	5.0	4.6	5.3	21.4	11.4	12.9	13.6
of which:							
Advertising	0.1	0.2	0.2	1.0	0.5	0.6	0.6
Assets less than R5 000	0.1	0.3	0.1	0.7	0.4	0.4	0.5
Catering: Departmental activities	–	0.2	0.2	0.5	0.3	0.3	0.3
Consultants and professional services: Business and advisory services	0.9	0.8	0.2	10.6	5.6	6.3	6.7
Inventory: Stationery and printing	0.5	0.5	1.4	1.1	0.6	0.7	0.7
Travel and subsistence	2.1	1.6	2.0	4.8	2.6	2.9	3.1
Training and development	0.2	0.3	0.2	–	–	–	–
Venues and facilities	0.4	0.1	0.2	1.1	0.6	0.7	0.7
Financial transactions in assets and liabilities	–	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 520.2</b>	<b>1 520.2</b>	<b>1 596.2</b>	<b>1 679.1</b>	<b>1 759.8</b>	<b>1 865.4</b>	<b>1 977.3</b>
Provinces and municipalities	1 520.2	1 520.2	1 596.2	1 679.1	1 759.8	1 865.4	1 977.3
Households	0.0	0.0	0.0	–	–	–	–
<b>Payments for capital assets</b>	<b>0.1</b>	<b>42.3</b>	<b>0.2</b>	<b>0.8</b>	<b>0.7</b>	<b>0.5</b>	<b>0.6</b>
Machinery and equipment	0.1	0.5	0.2	0.8	0.7	0.5	0.6
Software and other intangible assets	–	41.8	–	–	–	–	–
<b>Total</b>	<b>1 531.2</b>	<b>1 576.0</b>	<b>1 613.6</b>	<b>1 712.8</b>	<b>1 786.2</b>	<b>1 894.2</b>	<b>2 007.8</b>

### Details of selected transfers and subsidies

<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Current</b>	<b>1 520.2</b>	<b>1 520.2</b>	<b>1 596.2</b>	<b>1 679.1</b>	<b>1 759.8</b>	<b>1 865.4</b>	<b>1 977.3</b>
Health professions training and development grant	1 520.2	1 520.2	1 596.2	1 679.1	1 759.8	1 865.4	1 977.3

## Expenditure trends

The programme grows at an average annual rate of 5.4 per cent over the MTEF period. The increase in this programme is relatively low, partly because the health professions training and development conditional grant is targeted for reform and a new grant to support health science clinical training was initiated under the Department of Education in 2008/09.

## Programme 5: Health Services

- *District Health Services* promotes and coordinates the district health system and monitors primary healthcare and activities related to the integrated sustainable rural development programme and the urban

renewal programme. It also deals with policy and monitoring for health promotion and environmental health.

- *Environmental Health Promotion and Nutrition* provides technical support and monitors the delivery of municipal health services by local government, provides port health services, and supports poison information centres.
- *Occupational Health* promotes occupational health and safety in public health institutions, and ensures the training of occupational health practitioners in risk assessment.
- *Hospital and Health Facilities Management* deals with national policy on hospital and emergency medical services. It is also responsible for the conditional grant for the revitalisation of hospitals.

## Objectives and measures

- Guide the next steps in primary health care development by auditing primary health care services and infrastructure in all 9 provinces by March 2009. (The national primary health care audit did not take place in 2008 as donor funding did not materialise, and is now funded in the 2009 Budget).
- Improve district health services monitoring by using the district health information system and other monitoring tools for the delivery of primary health care in all provinces.
- Strengthen emergency medical services in time for the 2010 FIFA World Cup by implementing the national emergency medical services information system, the emergency care regulations, and disaster management plans in all provinces.

## Service delivery and spending focus

Access to primary health care services increased from 101.6 million people in 2006/07 to 101.8 million in 2007/08. A national primary health care supervision rate of 70 per cent was attained in 2007/08. Although lower than the 2007/08 target of 100 per cent, it reflected a significant improvement from the 48 per cent reported in 2006/07.

A functional referral system was established in 100 per cent of districts. Planning processes at district level were also strengthened, with 90 per cent of health districts having produced district health plans in line with national guidelines.

Formal partnerships were established between 17 health districts and non-profit organisations. According to the Health and Welfare Sector Education and Training Authority, about 50 per cent of non-profit organisation care workers were provided with accredited training.

Key challenges included delays in conducting the primary health care service and infrastructure audit due to funding constraints. The audit remains a key priority for 2009/10. Governance and community participation in health service delivery also proved to be a challenge in 2007/08 and 2008/09. Only 30 per cent of the primary health care facilities conducted 1 documented committee meeting every second month, which was lower than the 40 per cent achieved in 2006/07. The full service package was only provided by 70 per cent of the subdistricts in 2007/08, against the target of 95 per cent. To counter these challenges, certain measures have been included in the department's strategy for the next planning cycle.

Significant progress has been achieved in strengthening emergency medical services. A comprehensive five-year emergency medical service plan has been produced and emergency centre regulations and the disaster management policy are nearing completion. These guidelines will be particularly useful during the 2010 FIFA World Cup.

In 2007/08, the department initiated 36 food garden projects in Eastern Cape, KwaZulu-Natal and Western Cape to contribute to improved nutrition and food security. 1 800 schools were awarded health promoting schools' status, and all of these developed educational anti-tobacco and policy programmes.

## Expenditure estimates

**Table 14.12 Health Services**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
District Health Services	8.0	9.0	7.9	18.4	27.6	35.4	30.0
Environmental Health Promotion and Nutrition	15.0	18.2	18.7	19.8	19.0	20.0	22.1
Occupational Health	26.2	20.3	24.9	29.6	30.5	32.5	34.4
Hospitals and Health Facilities Management	5 975.5	6 519.2	7 414.4	9 219.5	9 821.7	11 301.1	11 995.2
<b>Total</b>	<b>6 024.7</b>	<b>6 566.7</b>	<b>7 465.8</b>	<b>9 287.3</b>	<b>9 898.9</b>	<b>11 388.9</b>	<b>12 081.7</b>
Change to 2008 Budget estimate				234.9	182.8	341.3	371.6

### Economic classification

<b>Current payments</b>	<b>52.8</b>	<b>55.0</b>	<b>63.2</b>	<b>87.3</b>	<b>91.5</b>	<b>103.3</b>	<b>103.2</b>
Compensation of employees	28.6	29.9	32.2	37.4	37.7	40.6	43.0
Goods and services	24.0	21.8	30.9	49.9	53.8	62.7	60.2
<i>of which:</i>							
Advertising	4.9	4.7	6.4	4.3	4.6	5.4	5.1
Assets less than R5 000	0.5	0.4	0.3	1.4	1.5	1.7	1.6
Audit costs: External	0.3	0.5	0.7	0.6	0.7	0.8	0.7
Catering: Departmental activities	–	0.3	0.3	0.7	0.8	0.9	0.9
Communication	1.5	1.4	1.3	1.5	1.6	1.9	1.8
Consultants and professional services: Business and advisory services	2.6	1.9	4.9	14.0	15.1	17.5	16.8
Consultants and professional services: Laboratory service	1.3	0.7	0.9	–	–	–	–
Contractors	0.1	0.2	0.2	2.4	2.5	3.0	2.8
Agency and support / outsourced services	–	–	–	2.7	3.0	3.5	3.3
Entertainment	0.7	0.0	0.0	0.1	0.1	0.1	0.1
Inventory: Other consumables	0.0	0.0	0.0	0.8	0.9	1.0	1.0
Inventory: Stationery and printing	1.3	0.7	0.7	2.5	2.7	3.2	3.0
Lease payments	0.2	0.2	0.2	0.4	0.4	0.5	0.5
Travel and subsistence	7.6	7.3	8.3	11.7	12.6	14.7	14.1
Training and development	0.4	1.0	0.3	–	–	–	–
Operating expenditure	0.9	1.2	3.9	3.9	4.3	5.0	4.8
Venues and facilities	1.4	1.0	2.0	2.1	2.3	2.7	2.5
Financial transactions in assets and liabilities	0.2	3.2	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>5 971.2</b>	<b>6 509.3</b>	<b>7 401.6</b>	<b>9 197.1</b>	<b>9 804.3</b>	<b>11 282.4</b>	<b>11 975.1</b>
Provinces and municipalities	5 965.2	6 508.5	7 398.5	9 193.6	9 800.7	11 278.7	11 971.2
Departmental agencies and accounts	5.0	0.1	2.6	2.4	2.5	2.6	2.8
Non-profit institutions	0.4	0.4	0.5	1.0	1.1	1.1	1.2
Households	0.5	0.3	0.0	0.1	–	–	–
<b>Payments for capital assets</b>	<b>0.7</b>	<b>2.4</b>	<b>1.0</b>	<b>2.9</b>	<b>3.1</b>	<b>3.2</b>	<b>3.4</b>
Machinery and equipment	0.7	1.5	1.0	2.9	3.1	3.2	3.4
Software and other intangible assets	–	1.0	0.0	–	–	–	–
<b>Total</b>	<b>6 024.7</b>	<b>6 566.7</b>	<b>7 465.8</b>	<b>9 287.3</b>	<b>9 898.9</b>	<b>11 388.9</b>	<b>12 081.7</b>

Table 14.12 Health Services (continued)

R million	Audited outcome			Adjusted <sup>a</sup> appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Current</b>	<b>4 859.7</b>	<b>4 981.1</b>	<b>5 321.2</b>	<b>6 134.1</b>	<b>6 614.4</b>	<b>7 398.0</b>	<b>7 798.9</b>
Hospital management and quality improvement grant	150.3	–	–	–	–	–	–
National tertiary services grant	4 709.4	4 981.1	5 321.2	6 134.1	6 614.4	7 398.0	7 798.9
<b>Capital</b>	<b>1 105.4</b>	<b>1 527.3</b>	<b>2 077.3</b>	<b>3 059.5</b>	<b>3 186.3</b>	<b>3 880.7</b>	<b>4 172.3</b>
Hospital revitalisation grant	1 105.4	1 527.3	2 077.3	3 059.5	3 186.3	3 880.7	4 172.3
<b>Departmental agencies and accounts</b>							
<b>Social security funds</b>							
<b>Current</b>	<b>5.0</b>	<b>–</b>	<b>2.6</b>	<b>2.4</b>	<b>2.5</b>	<b>2.6</b>	<b>2.8</b>
Compensation Commissioner	5.0	–	2.6	2.4	2.5	2.6	2.8
<b>Non-profit institutions</b>							
<b>Current</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>0.9</b>	<b>1.0</b>	<b>1.0</b>	<b>1.1</b>
Health promotion: Non-governmental organisation	0.4	0.4	0.5	0.9	1.0	1.0	1.1

## Expenditure trends

The budget grows from R9.3 billion in 2008/09 to R12.1 billion in 2011/12 at an average annual rate of 9.2 per cent. The *Hospitals and Health Facilities Management* subprogramme comprises on average 57 per cent of the total budget and includes the national tertiary services and hospital revitalisation conditional grants. It reflects a real increase of 3.9 per cent over the medium term. The 50.2 per cent increase in the *District Health Services* subprogramme in 2009/10 is mainly to undertake a national survey of primary health care institutions.

## Programme 6: International Relations, Health Trade and Health Product Regulation

- *Multilateral Relations* develops and implements bilateral and multilateral agreements to strengthen the national health system, concludes agreements on the recruitment of health workers from other countries, and mobilises international resources to support the implementation of priority health programmes. It further provides technical capacity to South Africa in fields such as health technology management and surveillance systems.
- *Food Control and Non-Medical Health Product Regulation* ensures food safety by developing and implementing food control policies, norms and standards, and regulations.
- *Pharmaceutical and Related Product Regulation and Management* regulates trade in medicines and pharmaceutical products to ensure access to safe and affordable medicines.

## Objectives and measures

- Support the reconstruction of the health systems in the Democratic Republic of the Congo, Sudan, Zimbabwe and Burundi by developing agreements and implementation plans with these countries by March 2010.
- Strengthen the South African health sector by coordinating the recruitment of health professionals from India, Uruguay, Cuba and Tunisia by March 2010.
- Accelerate the registration and re-registration of medicines by completing the configuration of software for specialist processes by March 2010.

- Improve patient safety and adherence by developing a pharmaco-vigilance plan for monitoring extremely drug resistant tuberculosis drugs by 2010. (This project is funded only in the 2009 Budget and was not implemented in 2008.)
- Improve regulation of medicines and health products by establishing the South African Health Products Regulatory Authority by March 2010. The regulatory authority will replace the Medicines Control Council and cover a broader range of products (veterinary, agricultural and medical equipment).

## Service delivery and spending focus

South Africa co-hosted the African Union continental workshop on maternal, neonatal and child mortality reviews in April 2008. In November 2008, the department also hosted the third session of the conference of the parties to the World Health Organisation framework on tobacco control convention. South Africa assumed the role of chair of the Southern Africa Development Community (SADC) health ministers in August 2008.

The department continued to provide support to the post-conflict reconstruction process in countries such as the Democratic Republic of the Congo. The department also developed cooperation agreements on health matters with Burundi and Sudan.

The Medicines Amendment Bill, aimed at establishing the new South African Health Products Regulatory Authority, was passed in 2008 and is currently awaiting the president's signature. The authority will be responsible for improving the efficiency of medicines regulatory processes. The Medicines Control Council currently relies heavily on external reviewers at universities and research institutions. This has resulted in inordinately long delays for the registration of medicines, depriving citizens of quicker access to new technologies and more affordable generic medicines. Complementary medicines are not well regulated, posing a serious risk to public health. The department intends to regulate medical devices, in vitro medical diagnostic products, food with medicinal claims, and African traditional medicines under the new authority. Toxicological matters related to animal medicine residues will also be addressed. In line with international best practice, a web based regulatory system for complementary medicines is being planned.

During 2009/10, additional funding will be used to migrate regulatory processes from the current paper based system to an electronic system. A pilot project funded by the European Union is currently under way, but software licences and training of personnel are not covered.

The department conducted a benchmarking exercise comparing prices of medicines and pharmaceutical products in South Africa with countries such as Australia, Canada, New Zealand and Spain, which have similar regulatory frameworks for medicines. The pricing committee's recommendations were gazetted in August 2008, allowing stakeholders 30 days to respond. The implementing of these recommendations has the potential to reduce medicine prices by 30 per cent, resulting in a net saving of about R3 billion, but the recommendations have not been well received by the pharmaceutical industry. A process to resolve these differences is under way.

## Expenditure estimates

**Table 14.13 International Relations, Health Trade and Health Product Regulation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Multilateral Relations	18.8	31.4	36.7	44.6	43.6	46.6	49.7
Food Control and Non-medical Health Product Regulation	3.7	3.5	4.3	7.4	6.5	6.6	7.0
Pharmaceutical and Related Product Regulation and Management	20.4	24.8	23.3	28.4	36.9	47.6	57.0
<b>Total</b>	<b>43.0</b>	<b>59.7</b>	<b>64.3</b>	<b>80.3</b>	<b>87.0</b>	<b>100.8</b>	<b>113.7</b>
Change to 2008 Budget estimate				1.4	4.7	13.1	21.1



**Table 14.13 International Relations, Health Trade and Health Product Regulation (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>42.1</b>	<b>58.4</b>	<b>63.8</b>	<b>79.6</b>	<b>86.1</b>	<b>100.0</b>	<b>112.9</b>
Compensation of employees	28.0	30.7	32.6	33.6	36.3	39.1	41.5
Goods and services	14.2	27.6	31.2	46.0	49.8	60.9	71.5
of which:							
Administrative fees	0.0	0.0	0.0	1.0	1.0	1.3	1.5
Advertising	0.1	0.3	0.3	1.0	1.1	1.3	1.6
Assets less than R5 000	0.2	0.6	0.3	2.7	2.9	3.5	4.2
Catering: Departmental activities	0.1	0.3	0.3	1.2	1.2	1.5	1.8
Communication	0.5	0.5	0.4	1.0	1.1	1.4	1.6
Computer services	0.2	–	0.0	0.5	0.6	0.7	0.8
Consultants and professional services: Business and advisory services	0.1	0.3	0.1	0.4	0.5	0.6	0.7
Contractors	0.6	0.3	0.1	1.4	1.5	1.8	2.2
Inventory: Stationery and printing	1.1	1.1	1.0	2.4	2.6	3.2	3.7
Lease payments	0.5	1.0	2.0	2.3	2.5	3.1	3.6
Travel and subsistence	9.2	13.5	15.5	18.7	20.2	24.7	28.9
Operating expenditure	0.5	5.4	10.1	12.6	13.6	16.6	19.5
Venues and facilities	0.2	3.7	0.7	0.4	0.4	0.5	0.6
Financial transactions in assets and liabilities	0.0	0.0	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Households	0.3	0.1	0.1	–	–	–	–
<b>Payments for capital assets</b>	<b>0.5</b>	<b>1.3</b>	<b>0.4</b>	<b>0.7</b>	<b>0.9</b>	<b>0.8</b>	<b>0.8</b>
Machinery and equipment	0.5	1.3	0.4	0.7	0.9	0.8	0.8
Software and other intangible assets	–	–	0.0	–	–	–	–
<b>Total</b>	<b>43.0</b>	<b>59.7</b>	<b>64.3</b>	<b>80.3</b>	<b>87.0</b>	<b>100.8</b>	<b>113.7</b>

## Expenditure trends

Expenditure for the programme is set to grow from R80.3 million in 2008/09 to R113.7 million in 2011/12, at an average annual rate of 12.3 per cent. The largest expenditure is in the *Multilateral Relations* subprogramme. However, this spending fluctuates because of its dependence on exchange rates. The bulk of the funds are used to pay membership fees to international agencies such as the World Health Organisation, and for the activities of health attachés, which accounts for 25 per cent of the expenditure for the subprogramme in 2008/09.

## Additional tables

**Table 14.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	210.3	210.2	213.6	215.6	31.0	246.7	246.7
2. Strategic Health Programmes	3 125.1	3 413.8	3 096.3	3 713.1	476.9	4 189.9	4 169.9
3. Health Planning and Monitoring	313.7	9 396.2	309.1	326.5	7.6	334.1	321.1
4. Health Human Resources Management and Development	1 617.1	70.9	1 613.6	1 714.2	(1.4)	1 712.8	1 707.8
5. Health Services	7 316.2	–	7 465.8	9 052.5	234.9	9 287.3	9 025.3
6. International Relations, Health Trade and Health Product Regulation	72.7	–	64.3	78.9	1.4	80.3	80.3
<b>Total</b>	<b>12 655.1</b>	<b>13 091.1</b>	<b>12 762.7</b>	<b>15 100.8</b>	<b>750.3</b>	<b>15 851.2</b>	<b>15 551.2</b>

  

Economic classification							
<b>Current payments</b>	<b>860.2</b>	<b>860.3</b>	<b>729.0</b>	<b>919.3</b>	<b>24.5</b>	<b>943.7</b>	<b>915.7</b>
Compensation of employees	251.8	251.8	258.6	278.4	9.3	287.7	287.7
Goods and services	608.4	608.4	470.3	640.9	15.2	656.0	628.0
Financial transactions in assets and liabilities	–	–	0.1	–	–	–	–
<b>Transfers and subsidies</b>	<b>11 760.7</b>	<b>12 186.3</b>	<b>12 011.7</b>	<b>14 155.5</b>	<b>704.0</b>	<b>14 859.5</b>	<b>14 587.5</b>
Provinces and municipalities	11 321.0	11 736.7	11 552.7	13 686.6	676.2	14 362.8	14 090.8
Departmental agencies and accounts	289.5	299.4	301.9	302.2	10.8	312.9	312.9
Universities and technikons	1.0	1.0	0.4	1.0	–	1.0	1.0
Non-profit institutions	149.3	149.3	156.0	165.8	16.8	182.5	182.5
Households	–	0.0	0.7	–	0.3	0.3	0.3
<b>Payments for capital assets</b>	<b>34.2</b>	<b>44.5</b>	<b>22.0</b>	<b>26.1</b>	<b>21.9</b>	<b>47.9</b>	<b>47.9</b>
Buildings and other fixed structures	–	4.7	–	–	–	–	–
Machinery and equipment	34.2	39.8	21.7	26.1	21.9	47.9	47.9
Software and intangible assets	–	–	0.3	–	–	–	–
<b>Total</b>	<b>12 655.1</b>	<b>13 091.1</b>	<b>12 762.7</b>	<b>15 100.8</b>	<b>750.3</b>	<b>15 851.2</b>	<b>15 551.2</b>

**Table 14.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	208.7	230.1	256.0	284.4	296.3	319.3	338.5
Unit cost (R million)	0.2	0.2	0.2	0.2	0.2	0.2	0.3
Personnel numbers (head count)	1 233	1 233	1 205	1 313	1 313	1 313	1 313
<b>Interns</b>							
Compensation of interns (R million)	0.4	1.6	2.6	3.3	3.6	3.6	3.6
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	28	76	90	115	127	127	127
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>209.1</b>	<b>231.7</b>	<b>258.6</b>	<b>287.7</b>	<b>299.9</b>	<b>323.0</b>	<b>342.2</b>
<b>Unit cost (R million)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Personnel numbers (head count)</b>	<b>1 261</b>	<b>1 309</b>	<b>1 295</b>	<b>1 428</b>	<b>1 440</b>	<b>1 440</b>	<b>1 440</b>

**Table 14.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	209.1	231.7	258.6	287.7	299.9	323.0	342.2
Training expenditure (R million)	5.6	5.5	9.5	6.3	6.6	7.1	7.7
Training as percentage of compensation	2.7%	2.4%	3.7%	2.2%	2.2%	2.2%	2.3%
Total number trained in department (head count)	1 152	539	625	261			
of which:							
Employees receiving bursaries (head count)	54	101	115	217			
Learnerships trained (head count)	–	2	–	–			
Internships trained (head count)	26	44	28	81			

**Table 14.D Summary of conditional grants to provinces and municipalities<sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Conditional grants to provinces</b>							
<b>2. Strategic Health Programmes</b>							
Comprehensive HIV and AIDS grant	1 150.1	1 616.2	2 006.2	2 885.4	3 476.2	4 311.8	4 633.0
Forensic pathology services grant	271.9	561.7	551.8	604.7	491.7	557.0	590.4
Health disaster response (cholera) grant:	–	–	–	–	50.0	–	–
<b>5. Health Services</b>							
Hospital revitalisation grant	1 105.4	1 527.3	2 077.3	3 059.5	3 186.3	3 880.7	4 172.3
National tertiary services grant	4 709.4	4 981.1	5 321.2	6 134.1	6 614.4	7 398.0	7 798.9
Hospital management and quality improvement grant	150.3	–	–	–	–	–	–
<b>4. Health Human Resources Management and Development</b>							
Health professions training and development grant	1 520.2	1 520.2	1 596.2	1 679.1	1 759.8	1 865.4	1 977.3
<b>Total</b>	<b>8 907.3</b>	<b>10 206.5</b>	<b>11 552.7</b>	<b>14 362.8</b>	<b>15 578.4</b>	<b>18 012.8</b>	<b>19 171.8</b>

1. Detail provided in the Division of Revenue Act (2009)

**Table 14.E Summary of departmental public private partnership projects**

Project description: National fleet project		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million			2008/09	2009/10	2010/11	2011/12
<b>Projects signed in terms of Treasury Regulation 16</b>		<b>5.2</b>	<b>13.1</b>	<b>13.9</b>	<b>14.7</b>	<b>9.7</b>
PPP unitary charge <sup>1</sup>		5.2	13.1	13.9	14.7	9.7
<b>Total</b>		<b>5.2</b>	<b>13.1</b>	<b>13.9</b>	<b>14.7</b>	<b>9.7</b>

1. Phavis fleet services public private partnership. Disclosure notes for this project can be viewed in the public private partnership table of the Department of Transport.

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	Tender: DOT/34/2005/GMT: National Fleet PPP Project
Brief description	To deliver a fleet solution to the Department of Transport and user Departments.
Date PPP agreement was signed	14 November 2006 (Department of Transport)
Duration of PPP agreement	5 years, (13 November 2011)

Table 14.F Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign</b>												
<b>In cash</b>												
France	Human resource management	Health Human Resources Management and Development	-	Universities and technikons	Funding of developmental work to be implemented by the universities of the Witwatersrand and KwaZulu-Natal.	760	40	-	900	-	-	-
CDC- Corporation funds	HIV and AIDS	Strategic Health Programmes	-	Goods and services	Achieving primary prevention of HIV and AIDS infections through confidential counselling and testing programmes and building programmes to reduce mother to child transmission	1 023	610	60	106	-	-	-
CDC- Corporation funds	HIV and AIDS	Strategic Health Programmes	-	Non-profit institutions	Increased number of youth serving non-governmental organisations promoting HIV and AIDS prevention	1 423	3 833	-	31	-	-	-
CDC- Corporation funds	HIV and AIDS	Strategic Health Programmes	-	Households	Strengthening the capacity to collect and use surveillance data and manage the national HIV and AIDS programme by expanding surveillance programmes	500	-	-	7	-	-	-
CDC- Corporation funds	Maternal, child and women's health	Strategic Health Programmes	-	Goods and services	Achieving primary prevention of HIV and AIDS infections through expanding confidential counselling and testing programmes, and building programmes to reduce mother to child transmission	55	-	-	1 935	-	-	-
Global Fund	HIV and AIDS	Strategic Health Programmes	-	Households	Strengthening national and provincial capacity for the prevention, treatment and support related to HIV and AIDS, and tuberculosis	37 935	-	-	-	-	-	-
Belgium	HIV and AIDS	Strategic Health Programmes	-	Compensation of employees	Expansion of tuberculosis, HIV and AIDS and sexually transmitted diseases prevention, care and support by implementing capacity building programmes	1 670	1 980	1 728	49	-	-	-

Table 14.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
Belgium	HIV and AIDS	Strategic Health Programmes	–	Goods and services	Expansion of tuberculosis, HIV and AIDS and sexually transmitted diseases prevention, care and support by implementing capacity building programmes	458	595	901	2 703	–	–	–
Belgium	HIV and AIDS	Strategic Health Programmes	–	Provinces and municipalities	Expansion of tuberculosis, HIV and AIDS and sexually transmitted diseases prevention, care and support by implementing capacity building programmes	477	2	–	–	–	–	–
Belgium	HIV and AIDS	Strategic Health Programmes	–	Machinery and equipment	Expansion of tuberculosis, HIV and AIDS and sexually transmitted diseases prevention, care and support by implementing capacity building programmes	11	–	–	–	–	–	–
European Union	HIV and AIDS	Strategic Health Programmes	–	Goods and services	Funds were channelled to non-governmental organisations to carry out implementation of programmes	2	–	–	–	–	–	–
European Union	Pharmaceutical and related product management	International Relations, Health Trade and Health Product Regulation	–	Compensation of employees	Improve capacity and effectiveness of the South African Health Products Regulatory Authority by supporting the implementation of an electronic documents and workflow management system according to policies	–	–	–	2 888	–	–	–
European Union	Pharmaceutical and related product management	International Relations, Health Trade and Health Product Regulation	–	Goods and services	Improve capacity and effectiveness of the South African Health Products Regulatory Authority by supporting the implementation of an electronic documents and workflow management system according to policies	–	–	–	2 976	–	–	–

Table 14.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome		Estimate	Medium-term expenditure estimate		
						2005/06	2006/07		2009/10	2010/11	2011/12
R thousand											
European Union	Pharmaceutical and related product management	International relations, Health trade and health product regulation	–	Machinery and equipment	Improve capacity and effectiveness of the South African Health Products Regulatory Authority through procuring 40 computers and a printer/copier/scanner to implement the electronic data management system	–	–	1 906	–	–	–
Global Fund round six	HIV and AIDS	Strategic Health Programmes	–	Compensation of employees	Address major gaps in the national response to HIV and AIDS by expanding and strengthening the role of non-governmental organisations and faith based organisations to support national response, also strengthening capacity	–	–	896	–	–	–
European Union	Health economics	Health Planning and Monitoring	–	Goods and services	Built capacity in health economics and provided incidence benefit analysis, an expenditure tracking matrix and a national health reference price list	3	1 272	–	–	–	–
European Union	Primary health care district health and development	Health Services	–	Compensation of employees	Improve the delivery of primary health care by strengthening research and epidemiology skills and the quality improvement programme, implementing a district hospital referral system and increase tuberculosis cure rates by reducing tuberculosis defaulter rates	804	1 152	23 145	–	–	–
European Union	Primary health care district health and development	Health Services	–	Goods and services	Provide access to primary health care services through funding non-governmental organisations	5 648	11 086	15 855	–	–	–
European Union	Primary health care district health and development	Health Services	–	Provinces and municipalities	Improved the delivery of primary health care by strengthening research and epidemiology skills and the quality improvement programme, implementing a district hospital referral system and increasing tuberculosis cure rates by reducing tuberculosis defaulter rates	2	1	–	–	–	–

Table 14.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
European Union	Primary health care district health and development	Health Services	-	Households	Improved the delivery of primary health care by strengthening research and epidemiology skills and the quality improvement programme, implementing a district hospital referral system and increasing tuberculosis cure rates by reducing tuberculosis defaulter rates.	7	90	-	-	-	-	-
European Union	Primary health care district health and development	Health Services	-	Machinery and equipment	Implement cost centre management and provide IT capacity in selected hospitals.	208	89	107	315	-	-	-
European Union	Hospital services	Health Services	-	Goods and services	Implement cost centre management and provide IT capacity in selected hospitals.	282	791	1 277	6 713	-	-	-
France	Human resource management	Health Human Resources Management and Development Programmes	-	Goods and services	Strengthen hospital management training in South Africa	539	-	15	840	-	-	-
Global Fund	HIV and AIDS	Strategic Health Programmes	-	Compensation of employees	Strengthen national and provincial capacity for the prevention, treatment and support related to HIV and AIDS and tuberculosis	-	142	363	228	-	-	-
Global Fund	HIV and AIDS	Strategic Health Programmes	-	Goods and services	Strengthen national and provincial capacity for the prevention, treatment and support related to HIV and AIDS and tuberculosis	-	4 103	6 075	15 369	-	-	-
Global Fund	HIV and AIDS	Strategic Health Programmes	-	Non-profit institutions	Strengthen national and provincial capacity for the prevention, treatment and support related to HIV and AIDS and tuberculosis	-	1 023	2 479	2 421	-	-	-
Global Fund	HIV and AIDS	Strategic Health Programmes	-	Machinery and equipment	Strengthened national and provincial capacity for the prevention, treatment and support related to HIV and AIDS and tuberculosis	-	7	-	-	-	-	-



Table 14.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
Global Fund round six	HIV and AIDS	Strategic Health Programmes	–	Goods and services	Address major gaps in the national response to HIV and AIDS by expanding and strengthening the role of non-governmental organisations and faith based organisations to support national response and strengthen capacity.	–	–	–	98	–	–	–
Global Fund round six	HIV and AIDS	Strategic Health Programmes	–	Machinery and equipment	Address major gaps in the national response to HIV and AIDS by expanding and strengthening the role of non-governmental organisations and faith based organisations to support national response and strengthen capacity	–	–	–	465	–	–	–
European Union	Medicines regulatory affairs	International Relations, Health Trade and Health Product Regulation	–	Machinery and equipment	Improved capacity and effectiveness of the South African Health Products Regulatory Authority by supporting the implementation of an electronic documents and workflow management system according to policies	–	131	256	–	–	–	–
European Union	Primary health care district health and development	Health Services	–	Non-profit institutions	Provided access to primary health care services through funding of non-governmental organisations	–	17	–	–	–	–	–
European Union	Primary health care district health and development	Health Services	–	Software and other intangible assets	Implemented cost centre management and provided IT capacity in selected hospitals.	–	15	–	–	–	–	–
European Union	Health economics	Health Planning and Monitoring	–	Goods and services	Build capacity in health economics and provide incidence benefit analysis, an expenditure tracking matrix and a national health reference price list	–	–	–	4 082	–	–	–
European Union	Human resource management	Health Human Resources Management and Development	–	Compensation of employees	Improve capacity in health care management by training of hospital managers, awards for service excellence, establishing a service placement call centre	–	266	481	1 178	–	–	–

Table 14.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate			
						2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	
R thousand													
European Union	Human resource management	Health Human Resources Management and Development	–	Goods and services	Improve capacity in health care management by training hospital managers, giving awards for service excellence, establishing a service placement call centre	–	2 520	4 247	8 289	–	–	–	–
European Union	Human resource management	Health Human Resources Management and Development	–	Households	Improved capacity in health care management by training hospital managers, giving awards for service excellence, establishing a service placement call centre	–	228	–	–	–	–	–	–
European Union	Human resource management	Health human resources management and development	–	Machinery and equipment	Improve capacity in health care management by training hospital managers, giving awards for service excellence, establishing a service placement call centre	–	51	343	459	–	–	–	–
Global Fund round six	HIV and AIDS	Strategic Health Programmes	–	Non-profit institutions	HIV and AIDS services by communities within nodal points. Increased number of non-governmental organisations and community based organisations with quality gender sensitive programmes.	–	–	44 356	44 986	–	–	–	–
Canada	HIV and AIDS	Strategic Health Programmes	–	Goods and services	Improved capacity of national and provincial non-governmental organisation coordination units to increase access to government funding by non-governmental organisations. Increased access to HIV and AIDS services by communities with nodal points. Increased number of non-governmental organisations and community based organisations with quality gender sensitivity.	–	–	182	1 158	–	–	–	–

Table 14.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome				Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand													
Canada	HIV and AIDS	Strategic Health Programmes	-	Machinery and equipment	Improved capacity of national and provincial non-governmental organisation coordination units to increase access to governmental funding by non-governmental organisations. Increased access to HIV and AIDS services by communities with nodal points. Increased number of non-governmental organisations and community based organisations with quality gender sensitivity	-	-	21	18	-	-	-	-
Belgium	Management	Administration	-	Goods and services	Strengthen capacity building programmes by implementing training and development programmes	-	-	776	6 882	-	-	-	-
Belgium	Management	Administration	-	Machinery and equipment	Strengthened capacity building programmes by implementing training and development programmes	-	-	333	-	-	-	-	-
Belgium	Corporate services	Administration	-	Goods and services	Strengthen capacity building programmes by implementing training and development programmes	-	-	403	627	-	-	-	-
European Union	Corporate services	Administration	-	Compensation of employees	Improve management of finance and supply chain by appointing and training of financial and supply chain managers seconded to provinces	-	-	2 633	6 372	-	-	-	-
European Union	Corporate services	Administration	-	Goods and services	Improve financial management and logistics of European Union funded programmes by contracting service providers	-	239	1 562	6 716	-	-	-	-
European Union	Corporate services	Administration	-	Machinery and equipment	Improve financial management and logistics of European Union funded programmes by supplying equipment to the programme management unit	-	11	77	27	-	-	-	-

Table 14.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
European Union	Medicines regulatory affairs	International Relations, Health Trade and Health Product Regulation	-	Compensation of employees	Improved capacity and effectiveness of the South African Health Products Regulatory Authority by supporting the implementation of an electronic documents and workflow management system according to policies	-	-	521	-	-	-	-
European Union	Medicines regulatory affairs	International Relations, Health Trade and Health Product Regulation	-	Goods and services	Improve capacity and effectiveness of the South African Health Products Regulatory Authority by supporting the implementation of an electronic documents and workflow management system according to policies	57	545	1 267	-	-	-	-
European Union	Medicines regulatory affairs	International Relations, Health Trade and Health Product Regulation	-	Software and other intangible assets	Improved capacity and effectiveness of the South African Health Products Regulatory Authority by supporting the implementation of an electronic documents and workflow management system according to policies	-	-	82	-	-	-	-
European Union	Health economics	Health Planning and Monitoring	-	Compensation of employees	Built capacity in health economics and provide incidence benefit analysis, an expenditure tracking matrix and a national health reference price list	-	-	60	-	-	-	-
European Union	Health economics	Health Planning and Monitoring	-	Machinery and equipment	Built capacity in health economics and provide incidence benefit analysis, an expenditure tracking matrix and a national health reference price list	-	-	16	-	-	-	-
European Union	Hospital services	Health Services	-	Compensation of employees	Implement cost centre management and provide IT capacity in selected hospitals	-	-	3 803	7 649	-	-	-
European Union	Hospital services	Health Services	-	Machinery and equipment	Implement cost centre management and provide IT capacity in selected hospitals through procuring software licences	-	-	287	316	-	-	-
European Union	Hospital services	Health Services	-	Software and other intangible assets	Implemented cost centre management and provide IT capacity in selected hospitals	-	-	116	-	-	-	-

Table 14.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome		Estimate	Medium-term expenditure estimate		
						2005/06	2006/07		2009/10	2010/11	2011/12
R thousand											
Canada	HIV and AIDS	Strategic Health Programmes	-	Compensation of employees	Improved capacity of national and provincial non-governmental organisation coordination units to increase access to government funding by non-governmental organisations. Increased access to HIV and AIDS services by communities with nodal points. Increased number of non-governmental organisations and community based organisations with quality gender sensitivity	-	-	1 508	-	-	-
CDC- Corporation funds	Maternal, child and women's health	Strategic Health Programmes	-	Machinery and equipment	Improved capacity of national and provincial non-governmental organisation coordination units to increase access to government funding by non-governmental organisations. Increased access to HIV and AIDS services by communities with nodal points. Increased number of non-governmental organisations and community based organisations with quality gender sensitivity	-	-	120	-	-	-
CDC- Corporation funds	Health information evaluation and research	Health Planning and Monitoring	-	Compensation of employees	Improved capacity of national and provincial non-governmental organisation coordination units to increase access to government funding by non-governmental organisations. Increased access to HIV and AIDS services by communities with nodal points. Increased number of non-governmental organisations and community based organisations with quality gender sensitivity	-	-	261	-	-	-

Table 14.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome				Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand													
CDC-Corporation funds	Health information evaluation and research	Health Planning and Monitoring	-	Goods and services	Improved capacity of national and provincial non-governmental organisation coordination units to increase access to governmental funding by non-governmental organisations. Increased access to HIV and AIDS services by communities with nodal points. Increased number of non-governmental and community based organisations with quality gender sensitivity	-	-	-	833	-	-	-	-
Denmark	District health services	Health Services	-	Goods and services	The development objective of the urban environmental management programme is sustainable and poverty-orientated environmental management of urban areas within South Africa	-	-	-	5 800	-	-	-	-
<b>Total</b>			-			<b>51 324</b>	<b>30 865</b>	<b>98 565</b>	<b>176 981</b>	-	-	-	-

Table 14.G Summary of expenditure on infrastructure

Table 1: Summary of expenditure estimates											
R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)											
	Ngwelezane	– downscale to 859 beds	–	1 114.8	45.9	44.7	50.0	62.8	109.2	116.0	148.2
	Madadeni	– 620 bed revitalisation	–	1 096.4	–	–	–	5.0	6.5	30.0	65.0
	Other	–	--	10 577.9	–	–	–	2.0	55.6	362.3	531.9
Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)											
King George V	–	downscale to 960 beds	–	874.6	132.7	129.0	260.0	133.3	151.0	77.1	10.0
Psychiatric west end	–	upgrade to 310 beds	–	843.1	30.0	98.8	150.0	167.4	37.0	–	–
Kuruman	–	422 beds	–	818.0	–	–	–	–	1.0	34.7	98.0
Chris Hani	–	revitalise and downscale to 1500 beds	–	812.6	–	118.4	195.0	171.7	51.0	–	–
Dora Nginza	–	800 beds	–	796.8	–	–	–	–	1.0	–	–
Zola	–	downscale to 250 beds	–	773.3	28.0	38.5	110.0	70.0	150.0	150.7	–
Botumelo	–	downscale to 246 beds	–	762.1	25.7	39.9	50.0	96.3	101.3	80.0	60.7
Pelonomi	–	downscale to 346 beds	–	745.5	30.5	7.9	18.1	58.5	65.8	90.0	111.6
Upington	–	upgrade to 231 beds	–	678.8	20.0	–	15.0	6.0	140.0	145.0	100.0
Germiston	–	upgrade to 149 beds	–	636.6	–	21.2	42.0	60.0	160.0	201.5	–
Bophelong	–	365 beds	–	627.3	–	–	–	–	3.0	55.0	88.0
Valkenburg	–	420 beds	–	618.9	11.0	5.2	5.0	11.3	–	–	–
Mt Ayliff Psychiatric	–	355 beds	–	613.8	–	–	–	–	1.5	–	–
National Hospital	–	250 beds	–	606.6	–	–	–	–	4.0	50.0	60.0
Hlabisa	–	new 308 bed	–	597.9	–	52.0	12.5	30.8	110.0	117.0	121.0
Brits	–	upgrade to 175 beds	–	585.5	15.0	6.2	17.0	55.0	100.0	130.0	123.1
Khayelitsha	–	new 230 beds	–	546.1	–	–	–	59.0	98.0	110.0	100.0
Mitchell's Plain	–	230 beds	–	509.3	–	–	–	33.3	90.0	105.0	100.0
Ditlhabeng	–	155 beds	–	495.2	–	–	–	–	2.0	4.0	40.0
Dr John Dube	–	new 250 beds	–	492.0	–	0.2	9.9	–	–	–	–
Free State psychiatric complex	–	444 beds	–	468.6	–	–	–	8.4	–	–	–
Vryburg	–	upgrade to 120 beds	–	460.9	30.0	81.5	75.7	129.5	78.0	–	–
Rob Ferreira	–	downscale 212 beds	–	456.3	21.9	20.8	32.1	104.4	115.0	75.3	–
Moses Kotane	–	downscale	–	455.4	50.0	93.0	89.3	62.1	75.0	–	–
Brooklyn Crest	–	420 beds	–	452.0	–	–	–	–	5.0	50.0	120.0



Table 14.G Summary of expenditure on infrastructure (continued)

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
MP Prov Psychiatric	–	–	–	450.0	–	–	–	–	9.0	95.4	140.0
Paarl	–	upgrade to 326 beds	–	427.9	49.0	45.6	81.6	118.4	101.0	17.0	–
Mamelodi	–	upgrade to 250 beds	–	335.9	51.9	89.7	100.0	36.0	11.0	–	–
De Aar	–	upgrade to 190 beds	–	331.6	17.0	37.9	8.0	6.0	100.0	85.3	80.0
Ermelo	–	upgrade to 735 beds	–	306.8	28.0	13.9	34.8	–	79.0	67.2	85.0
St Elizabeth's	–	upgrade to 410 beds	–	301.1	19.0	13.9	85.0	107.6	55.3	48.0	10.0
Worcester	–	upgrade to 315 beds	–	294.5	37.2	31.8	73.9	51.0	20.4	–	–
St Lucy's	–	downscale to 154 beds	–	278.6	26.0	67.5	94.1	68.6	27.0	10.0	–
Themba	–	downscale to 212 beds	–	272.5	12.8	9.8	23.9	59.7	105.0	33.0	–
Frontier	–	upgrade to 400 beds	–	229.3	35.5	29.2	61.0	62.9	45.3	63.0	5.2
Lady Brand	–	60 beds	–	223.2	–	–	–	–	26.0	32.7	56.0
Madwaleni	–	new 220 beds	–	222.4	–	–	–	23.6	50.0	47.2	62.0
George	–	upgrade to 265 beds	–	218.8	14.7	1.7	15.6	13.3	42.0	–	–
Trompsburg	–	new 45 beds	–	209.1	–	–	–	25.0	45.8	55.0	18.0
Rietvllei	–	downscale to 205 beds	–	200.1	20.1	12.5	–	26.4	15.6	–	–
Postmasburg	–	upgrade to 55 beds	–	173.7	–	5.2	–	–	–	–	–
Dikokong	–	downscale to 252 beds	–	166.5	56.8	28.2	5.8	11.4	–	–	–
St Patricks	–	downscale to 245 beds	–	162.1	–	24.7	29.0	45.4	57.0	45.5	13.8
Thabazimbi	–	112 beds	–	162.1	–	–	–	2.0	60.6	41.7	38.3
Letaba	–	upgrade to 400 beds	–	161.2	–	16.5	52.2	81.4	12.7	–	–
Ditsobotla	–	108 beds	–	156.1	–	–	–	–	5.0	45.0	63.0
Nkhensani	–	upgrade to 363 beds	–	154.4	36.3	36.6	16.6	14.9	–	–	–
Thabamooopo	–	1152 beds	–	144.3	–	9.1	47.6	73.0	19.6	–	–
Vredenburg	–	upgrade to 80 beds	–	144.2	13.6	5.5	16.0	20.4	25.3	70.0	–
Maphuta Malatjie	–	downscale to 93 beds	–	124.7	55.0	6.2	12.8	57.9	39.5	5.9	–
Musina	–	–	–	103.4	–	–	–	3.0	60.3	27.1	11.8
Port Nolloth	–	–	–	69.5	–	–	–	–	1.0	2.0	42.0
Barkly west	–	upgrade to 55 beds	–	50.1	12.0	25.2	14.0	4.0	–	–	–
Natalspruit	–	downscale to 500 beds	–	–	1.3	162.3	198.0	172.6	–	–	–
Madzikane ka Zulu	–	upgrade to 267 beds	–	–	41.8	16.9	7.0	12.8	–	–	–
Bedford	–	–	–	–	–	–	–	–	1.5	44.0	72.0

Table 14.G Summary of expenditure on infrastructure (continued)

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Burgersdorp	-	-	-	-	-	-	-	-	1.0	5.8	47.0
Nessie Knight	-	-	-	-	-	-	-	-	1.0	5.5	58.3
Warmbaths	-	-	-	-	-	-	-	-	1.0	43.0	58.0
Evhuhakeni	-	-	-	-	-	-	-	-	1.0	43.0	48.0
Philadelphia	-	-	-	-	-	-	-	-	1.0	2.0	70.0
Lebowakgomo	-	upgrade to 241 beds	-	-	3.5	6.4	-	-	-	-	-
Jane Furse	-	downscale to 252 beds	-	-	20.8	13.4	-	-	-	-	-
Piet Relief	-	downscale 140 beds	-	-	-	10.8	10.0	-	-	-	-
Colesburg	-	upgrade to 35 beds	completed	-	-	1.9	-	-	-	-	-
Calvinia	-	downscale to 35 beds	-	-	-	0.7	-	-	-	-	-
Bambisana	-	-	-	-	-	-	-	-	1.0	4.0	46.0
CN Phatudi	-	-	-	-	-	-	-	-	-	-	6.0
Tintswalo	-	-	-	-	-	-	-	-	-	-	5.0
CHB 1	-	new 210 beds	-	-	7.0	18.6	-	-	-	-	-
Other	-	-	-	772.7	20.0	0.1	-	14.9	83.1	99.8	114.0
<b>Total</b>				<b>35 363.1</b>	<b>1 020.1</b>	<b>1 498.9</b>	<b>2 118.5</b>	<b>2 438.7</b>	<b>2 815.0</b>	<b>3 021.8</b>	<b>3 026.9</b>



# Vote 15

## Labour

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	392.5	390.4	–	2.2	414.4	440.4
Service Delivery	777.1	744.3	0.8	32.0	815.8	864.4
Employment and Skills Development Services/ Human Resources Development	481.2	91.7	381.4	8.1	537.9	572.5
Labour Policy and Labour Market Programmes	466.5	77.9	388.5	0.1	494.8	523.3
Social Insurance	9.0	–	9.0	–	9.0	9.6
<b>Total</b>	<b>2 126.4</b>	<b>1 304.2</b>	<b>779.7</b>	<b>42.4</b>	<b>2 271.9</b>	<b>2 410.2</b>
<b>Direct charge against the National Revenue Fund</b>						
Skills development levy	7 750.0	–	7 750.0	–	8 424.2	9 148.7
<b>Total expenditure estimates</b>	<b>9 876.4</b>	<b>1 304.2</b>	<b>8 529.7</b>	<b>42.4</b>	<b>10 696.1</b>	<b>11 558.9</b>
Executive authority	Minister of Labour					
Accounting officer	Director-General of Labour					
Website address	www.labour.gov.za					

### Aim

*The aim of the Department of Labour is to reduce unemployment, poverty and inequality through policies and programmes developed in consultation with social partners, which are aimed at: improved economic efficiency and productivity; skills development and employment creation; sound labour relations; eliminating inequality and discrimination in the workplace; alleviating poverty in employment; enhancing occupational health and safety awareness and compliance in the workplace; as well as nurturing the culture of acceptance that worker rights are human rights.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide overall management, strategic support and advisory services to the department and ministry.

#### Programme 2: Service Delivery

**Purpose:** Ensure implementation of and compliance with Department of Labour policies and programmes through monitoring, evaluation and inspections.

#### Programme 3: Employment and Skills Development Services / Human Resources Development

**Purpose:** Contribute to employment creation and skills development by promoting and monitoring the achievement of the objectives of the national skills development strategy and the national human resource development strategy.

## **Programme 4: Labour Policy and Labour Market Programmes**

**Purpose:** Provide for the establishment of an equitable and sound labour relations environment and the promotion of South Africa's interests in international labour matters through research, analysing and evaluating labour policy, and providing statistical data on the labour market, including providing support to institutions that promote social dialogue.

## **Programme 5: Social Insurance**

**Purpose:** Provide for administrative and other support services to the Unemployment Insurance Fund and the Compensation Fund, and manage government's contribution to the activities of these funds.

## **Strategic overview: 2005/06 – 2011/12**

The Department of Labour aims to support key government policies through activities that will: contribute to the growth and development of the economy; increase the ability of the economy to create employment; address the needs of vulnerable and poor people in the second economy; promote social security as a contribution to poverty alleviation; and address racial and gender inequality.

The department has prioritised the following areas over the MTEF period:

### **Decent work**

The Decent Work country programme will be developed and rolled out by April 2009 in collaboration with the International Labour Organisation and in consultation with social partners. The programme focuses on strengthening support for existing skills development and employment services programmes in specific areas and on formulating new initiatives to deal with labour market challenges, especially in relation to creating employment and alleviating poverty. The four pillars of the Decent Work agenda are: fundamental principles and rights at work and international labour standards; employment and income opportunities; social dialogue and tripartism (collaboration between government, trade unions and employers); and social protection and social security. These will be dealt with in the context of related government reform processes and the department's constitutional obligations.

### **Occupational health and safety**

The draft framework document which gives effect to the integration of occupational health and safety and compensation competencies across government was finalised in 2008. Both the draft National Occupational Health and Safety Bill and the policy were developed, and the act is expected to be legislated and implemented by March 2011. The main objective of the policy is to reduce the number of work related accidents and diseases by promoting a culture of prevention. The secondary objective is to ensure equitable medical, rehabilitation and compensation benefits for victims of work related accidents and diseases.

### **Skills development**

The 2008 Skills Development Amendment Bill will bring about a number of developments, including: formally establishing the Quality Council for Trades and Occupations (which will have the same status as the Council for Higher Education and the Umalusi Council for General and Further Education) under the Ministry of Labour; establishing Productivity SA; listing the National Skills Fund as a public entity; introducing additional functions to the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments to moderate artisan assessments; expanding the provision of employment services to work seekers; and introducing a register of artisans. These developments will: improve the quality of training, including more effective workplace learning; improve and sustain productivity in both the private and public sectors, which will save jobs and contribute to economic growth; improve the operational efficiency of the National Skills Fund to train more unemployed people, in line with national skills development strategy targets; provide increased access to learners for trade assessment; and professionalise and promote the training of artisans in response to labour market demands.

The department has also proposed certain amendments to the Income Tax Act (1962), aimed at providing equitable allowances for long term learnerships and apprenticeships and enabling employers to receive the full allowance for time and competency based modular training programmes.

### Employment services system

The employment services system, developed in line with international best practice standards and International Labour Organisation conventions, includes an IT system to assist the department to provide a public employment service by registering work seekers and placement opportunities and providing job matching services for potential employers and work seekers. The system will help government to deal with unemployment, generate useful statistics, and support social security functions by integrating social insurance services. The system will also support: registration, career guidance and counselling services; recruitment and selection services; skills development services; information services; and special services, which include services provided to special interest groups like people with disabilities, retrenched employees and ex-offenders. It will position labour centres to improve matching supply and demand in the local labour market, and will align provincial skills development plans and interventions with provincial growth and development strategies.

## Selected performance and operations indicators

**Table 15.1 Labour**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of new jobs registered on employment services database	Service Delivery	–	–	15 364	6 000	6 500	7 000	*
Percentage of registered work seekers placed in permanent employment	Service Delivery	–	–	36% (5 578)	60% (3 600)	65% (4 225)	70% (7 490)	*
Number of new BEE SMMEs and cooperatives that receive skills development support	Employment and Skills Development Services/Human Resources Development	–	1 293	188	1 200	1 400	*	*
Number of additional people participating in trade tests at Institute for the National Development of Learnerships, employment Skills and Labour Assessments	Employment and Skills Development Services/Human Resources Development	7 622	7 905	9 000	10 000	12 000	15 000	*
Percentage pass rate for trade tests	Employment and Skills Development Services/ Human Resources Development	44% (3 391)	40% (3 192)	35% (1 575)	40% –	45% –	50% –	*
Number of additional artisans registered for training by sector education and training authorities	Employment and Skills Development Services/ Human Resources Development	–	–	4 304	18 693	12 500	*	*
Percentage of top 100 Johannesburg stock exchange listed companies assessed for employment equity	Labour Policy and Labour Market Programmes	–	6% (6)	7% (7)	11% (11)	60% (60)	60% (60)	60% (60)
Percentage of occupational health and safety incidents investigated within 90 days	Service Delivery	– (3 800)	48% (2 756)	74% (4 106)	100% –	100% –	100% –	100% –
Percentage decrease in workplace related injuries, diseases and deaths	Service Delivery	38% (2 756)	23% (2 134)	38% (1 323)	2% (2 091)	2% (2 049)	2% (2 008)	2% (1 967)
Percentage compliance with labour legislation by inspected workplaces	Service Delivery	70% (132 042)	70% (136 845)	70% (156 924)	70% (126 000)	71% (127 800)	70% (131 400)	75% (135 000)

\* Subject to revised national skills development strategy

## Expenditure estimates

Table 15.2 Labour

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	292.2	324.3	328.4	384.2	362.7	392.5	414.4	440.4
2. Service Delivery	532.3	594.6	656.8	702.3	642.2	777.1	815.8	864.4
3. Employment and Skills Development Services/ Human Resources Development	117.4	139.0	540.1	178.5	172.7	481.2	537.9	572.5
4. Labour Policy and Labour Market Programmes	349.0	388.6	417.5	472.1	466.5	466.5	494.8	523.3
5. Social Insurance	4.9	7.0	5.9	10.5	4.7	9.0	9.0	9.6
<b>Subtotal</b>	<b>1 295.9</b>	<b>1 453.5</b>	<b>1 948.6</b>	<b>1 747.6</b>	<b>1 648.7</b>	<b>2 126.4</b>	<b>2 271.9</b>	<b>2 410.2</b>
<b>Direct charge against the National Revenue Fund</b>	<b>4 883.3</b>	<b>5 328.4</b>	<b>6 284.3</b>	<b>7 529.6</b>	<b>7 529.6</b>	<b>7 750.0</b>	<b>8 424.2</b>	<b>9 148.7</b>
Sector education and training authorities	3 906.7	4 262.7	5 027.4	6 023.7	6 023.7	6 200.0	6 739.4	7 319.0
National Skills Fund	976.7	1 065.7	1 256.9	1 505.9	1 505.9	1 550.0	1 684.8	1 829.7
<b>Total</b>	<b>6 179.2</b>	<b>6 782.0</b>	<b>8 232.9</b>	<b>9 277.2</b>	<b>9 178.3</b>	<b>9 876.4</b>	<b>10 696.1</b>	<b>11 558.9</b>
Change to 2008 Budget estimate				14.7	(84.2)	(244.4)	(331.6)	(123.9)

### Economic classification

<b>Current payments</b>	<b>924.7</b>	<b>1 016.0</b>	<b>1 108.6</b>	<b>1 217.6</b>	<b>1 124.5</b>	<b>1 304.2</b>	<b>1 405.3</b>	<b>1 495.7</b>
Compensation of employees	425.3	477.1	543.8	628.9	535.8	734.6	805.8	857.1
Goods and services	499.3	538.1	562.4	588.7	588.7	569.6	599.5	638.6
of which:								
Administrative fees	0.4	0.7	1.3	8.9	8.9	1.5	1.2	1.3
Advertising	23.4	15.4	26.7	31.2	31.2	24.8	23.6	24.3
Assets less than R5 000	5.8	12.2	6.6	13.2	13.2	11.6	10.1	9.6
Audit costs: External	19.0	16.8	18.2	19.2	19.2	24.6	25.0	25.4
Bursaries (employees)	1.6	1.6	2.4	3.3	3.3	2.8	2.9	2.9
Catering: Departmental activities	0.8	3.3	4.9	5.4	5.4	5.5	5.4	5.8
Communication	45.4	46.5	49.3	44.5	44.5	39.3	40.9	41.7
Computer services	100.1	120.7	87.7	114.7	114.7	113.5	130.3	144.8
Consultants and professional services: Business and advisory services	0.8	0.9	0.4	1.6	1.6	5.1	6.3	6.2
Consultants and professional services: Infrastructure and planning	0.7	0.8	1.0	0.5	0.5	1.3	1.5	1.6
Consultants and professional services: Legal costs	1.1	2.1	1.2	2.5	2.5	2.5	2.5	2.3
Contractors	2.3	2.6	1.3	4.7	4.7	12.7	8.8	9.1
Agency and support / outsourced services	20.4	19.6	29.3	30.2	30.2	27.3	26.1	28.4
Entertainment	0.6	0.4	0.4	0.7	0.7	0.8	0.8	0.8
Inventory: Food and food supplies	1.3	1.7	1.4	1.9	1.9	2.0	2.0	2.2
Inventory: Fuel, oil and gas	0.4	0.5	1.2	1.1	1.1	1.1	1.2	1.3
Inventory: Materials and supplies	1.9	2.6	4.4	3.7	3.7	0.0	0.0	0.0
Inventory: Medical supplies	0.0	0.1	0.0	0.2	0.2	0.2	0.2	0.2
Inventory: Other consumables	1.6	2.2	2.3	3.6	3.6	4.5	4.6	6.1
Inventory: Stationery and printing	17.1	21.5	23.5	22.7	22.7	27.2	26.9	29.2
Lease payments	80.0	72.7	78.2	88.5	88.5	103.7	114.3	124.2
Owned and leasehold property expenditure	50.3	72.6	75.3	42.5	42.5	26.0	29.3	30.8
Transport provided: Departmental activities	0.2	0.4	0.4	0.0	0.0	5.1	6.3	5.0
Travel and subsistence	83.2	87.4	109.0	100.0	100.0	80.9	82.7	85.0
Training and development	5.0	10.2	12.5	11.3	11.3	12.2	12.0	12.7
Operating expenditure	7.2	3.8	5.3	7.0	7.0	11.0	12.4	13.9
Venues and facilities	28.7	18.9	18.0	25.5	25.5	22.4	22.0	23.5
Financial transactions in assets and liabilities	0.0	0.9	2.3	—	—	—	—	—



Table 15.2 Labour (continued)

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
<b>Transfers and subsidies</b>	<b>5 242.0</b>	<b>5 738.8</b>	<b>7 112.7</b>	<b>8 021.3</b>	<b>8 015.5</b>	<b>8 529.7</b>	<b>9 273.8</b>	<b>10 047.3</b>
Provinces and municipalities	1.3	0.3	–	–	–	–	–	–
Departmental agencies and accounts	5 181.5	5 677.0	6 655.6	7 904.2	7 898.4	8 156.7	8 860.6	9 617.3
Public corporations and private enterprises	–	–	400.0	5.1	5.1	303.0	342.4	356.4
Foreign governments and international organisations	5.8	6.9	7.4	7.7	7.7	9.3	9.6	10.2
Households	0.9	1.9	3.3	0.9	0.9	0.2	0.2	0.2
<b>Payments for capital assets</b>	<b>12.6</b>	<b>27.1</b>	<b>11.7</b>	<b>38.3</b>	<b>38.3</b>	<b>42.4</b>	<b>16.9</b>	<b>15.9</b>
Buildings and other fixed structures	5.5	15.4	6.3	27.3	27.3	30.6	6.8	7.0
Machinery and equipment	7.1	11.8	5.4	11.0	11.0	11.8	10.2	9.0
<b>Total</b>	<b>6 179.2</b>	<b>6 782.0</b>	<b>8 232.9</b>	<b>9 277.2</b>	<b>9 178.3</b>	<b>9 876.4</b>	<b>10 696.1</b>	<b>11 558.9</b>

## Expenditure trends

Excluding direct charges against the National Revenue Fund, expenditure grew at an average annual rate of 10.5 per cent, from R1.3 billion in 2005/06 to R1.8 billion in 2008/09.

The significant growth of 288.5 per cent in the *Employment and Skills Development Services/Human Resources Development* programme in 2007/08 is mainly due to a once-off allocation of R400 million to the Umsobomvu Youth Fund to facilitate youth development and employment creation. Additional funds of R966.4 million (R300 million in 2009/10, R340 million in 2010/11 and R356.4 million in 2011/12) are provided for the same purpose over the MTEF period, growing this programme's budget at an average annual rate of 47.5 per cent, from R178.5 million in 2008/09 to R572.5 million in 2011/12.

Direct charges against the National Revenue Fund provide for the transfer of skills development levies to the sector education and training authorities and the National Skills Fund, which is expected to grow from R7.5 billion in 2008/09 to R9.1 billion in 2011/12, at an average annual rate of 6.7 per cent. Direct charges are included under transfers and subsidies, which comprise on average 79 per cent of total departmental allocations over the MTEF period.

Between 2005/06 and 2008/09, expenditure on the *Labour Policy and Labour Market Programmes* programme grew at an average annual rate of 10.6 per cent due to additional allocations to:

- the *Commission for Conciliation, Mediation and Arbitration* subprogramme for increased capacity at the commission
- the *Sheltered Employment Factories* subprogramme for a provident fund for wage workers and the salary alignment of staff at the sheltered employment factories.

Spending on compensation of employees grew at an average annual rate of 13.9 per cent between 2005/06 and 2008/09, with growth slowing at an average annual rate of 10.9 per cent over the MTEF period. Expenditure on goods and services is anticipated to grow at an average annual rate of 2.8 per cent, from R588.7 million in 2008/09 to R638.6 million in 2011/12, due to cost containment measures.

Over the MTEF period, expenditure on payments for capital assets is expected to decrease at an average annual rate of 25.4 per cent, from R38.3 million in 2008/09 to R15.9 million in 2011/12, because projects at the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments have been suspended as a result of ongoing concerns about the dolomite ground structure in the area. The project will start again, pending an investigation by the Department of Public Works.

The 2009 Budget provides additional allocations over the MTEF period of R320.7 million (2009/10), R358.4 million (2010/11) and R375.4 million (2011/12), mainly for:

- the Umsobomvu Youth Fund (R300 million, R340 million and R356.4 million)
- personnel inflation adjustments (R18.9 million, R17 million and R17.5 million)
- capital inflation adjustments (R1.8 million, 1.4 million and R1.5 million.)

## Savings and reprioritisation

The department has identified efficiency savings and cost containment initiatives totalling R204 million over the MTEF period, across all programmes in the following items:

- R14.6 million in compensation of employees due to savings on funded vacancies
- R150.1 million in goods and services, including travel and subsistence, contractors, inventory, food and food supplies, computer services and consultants
- R27.2 million in departmental agencies and accounts, specifically the allocation to the Compensation Fund
- R12.1 million in machinery and equipment due to the suspension of projects at the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments.

## Infrastructure spending

Infrastructure spending grew at an average annual rate of 70.6 per cent between 2005/06 and 2008/09, rising from R5.5 million to R27.3 million, due to the construction of labour centres and provincial offices at Bochum, Jane Furse, Taung, Temba, Bronkhorstspuit, Garankuwa, Rustenburg, Mount Ayliff, Mamelodi, Mdantsane, Durban and Lusikisiki. These projects were registered at the Department of Public Works and are in various stages of development.

Funding over the MTEF period for projects in the design and tender recommendation stages amounts to R2.6 million in 2009/10, R3.8 million in 2010/11 and R4 million in 2011/12. The new projects arise because lease contracts have expired and no accommodation that meets Department of Public Works requirements is available. Several renovation and maintenance programmes for provincial offices and labour centres were registered by the Department of Public Works, with funding for these amounting to R25.5 million in 2010/11 and R26.8 million in 2011/12.

## Departmental receipts

Revenue collected by the department is generated mainly from limited sales of goods and services, in particular from fees for trade tests, boarding, rentals and parking, levied by the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments. Financial transactions in assets and liabilities comprise stale cheques, recoveries from the previous financial year, and breach of contract fees. Receipts from fines and forfeitures resulting from prosecutions in terms of labour legislation are channelled through the Department of Justice and Constitutional Development. The adjusted estimate for financial transactions in assets and liabilities grows significantly in 2008/09 due to the recovery of R15.3 million in 2007/08 for compensation of employees from the Compensation Fund.

**Table 15.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>4 811</b>	<b>6 083</b>	<b>8 448</b>	<b>27 128</b>	<b>29 774</b>	<b>12 926</b>	<b>16 113</b>	<b>22 419</b>
Sales of goods and services produced by department	3 120	3 450	3 968	4 922	4 922	7 250	9 150	9 699
Sales of scrap, waste, arms and other used current goods	25	–	87	66	66	80	100	106
Fines, penalties and forfeits	173	511	395	447	447	481	558	954
Interest, dividends and rent on land	–	482	1 283	2 770	3 416	2 061	2 701	4 240
Sales of capital assets	42	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	1 451	1 640	2 715	18 923	20 923	3 054	3 604	7 420
<b>Total</b>	<b>4 811</b>	<b>6 083</b>	<b>8 448</b>	<b>27 128</b>	<b>29 774</b>	<b>12 926</b>	<b>16 113</b>	<b>22 419</b>

## Programme 1: Administration

### Expenditure estimates

**Table 15.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	1.0	0.9	1.1	1.6	1.7	1.8	1.9
Management	18.2	19.9	23.6	34.4	34.2	35.3	37.7
Corporate Services	149.3	172.1	147.7	175.6	180.0	186.1	195.8
Financial Management	50.3	51.3	71.6	75.3	66.7	68.7	73.1
Capital Works	–	2.7	–	–	–	–	–
Property Management	73.6	77.3	84.4	97.4	109.8	122.4	132.0
<b>Total</b>	<b>292.2</b>	<b>324.3</b>	<b>328.4</b>	<b>384.2</b>	<b>392.5</b>	<b>414.4</b>	<b>440.4</b>
Change to 2008 Budget estimate				(3.0)	(16.8)	(20.0)	(21.8)

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

#### Economic classification

<b>Current payments</b>	<b>289.2</b>	<b>318.0</b>	<b>327.0</b>	<b>382.2</b>	<b>390.4</b>	<b>412.7</b>	<b>439.0</b>
Compensation of employees	48.5	55.2	64.4	79.9	89.4	95.1	99.1
Goods and services	240.7	262.0	260.2	302.3	300.9	317.6	340.0
<i>of which:</i>							
Administrative fees	0.4	0.7	0.8	8.8	0.9	1.0	1.0
Advertising	10.8	7.8	11.6	13.5	6.5	5.2	5.4
Assets less than R5 000	0.8	0.6	1.1	4.5	3.8	2.1	1.3
Audit costs: External	19.0	16.8	18.2	19.2	24.6	25.0	25.4
Bursaries (employees)	0.5	0.6	1.1	1.2	0.5	0.5	0.5
Catering: Departmental activities	0.4	0.8	0.6	0.9	0.4	0.4	0.4
Communication	8.5	6.8	8.1	7.0	7.0	5.9	5.1
Computer services	99.4	114.1	87.1	107.0	112.2	129.0	143.5
Consultants and professional services: Business and advisory services	0.7	0.8	0.2	1.3	1.0	1.0	0.8
Consultants and professional services: Legal costs	0.0	1.8	1.2	1.2	1.3	1.3	1.1
Contractors	0.6	0.3	0.4	2.2	2.5	1.3	1.2
Agency and support / outsourced services	9.3	6.3	11.9	5.8	3.1	2.3	2.9
Inventory: Stationery and printing	4.4	4.2	5.9	4.5	6.2	4.3	3.6
Lease payments	62.0	67.2	73.1	79.4	92.9	101.5	110.9
Owned and leasehold property expenditure	1.9	14.5	15.9	18.0	19.8	21.8	23.1
Travel and subsistence	13.2	13.5	15.8	15.6	10.9	9.6	8.8
Training and development	0.9	2.0	1.5	3.5	2.2	1.7	1.5
Operating expenditure	0.7	0.6	2.9	3.4	1.4	1.1	1.0
Venues and facilities	6.8	2.4	2.2	4.8	3.4	2.3	2.1
Financial transactions in assets and liabilities	0.0	0.9	2.3	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.2</b>	<b>1.2</b>	<b>0.7</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Households	0.0	1.2	0.7	–	–	–	–
<b>Payments for capital assets</b>	<b>2.8</b>	<b>5.0</b>	<b>0.7</b>	<b>2.0</b>	<b>2.2</b>	<b>1.7</b>	<b>1.4</b>
Buildings and other fixed structures	–	2.7	–	–	–	–	–
Machinery and equipment	2.8	2.3	0.7	2.0	2.2	1.7	1.4
<b>Total</b>	<b>292.2</b>	<b>324.3</b>	<b>328.4</b>	<b>384.2</b>	<b>392.5</b>	<b>414.4</b>	<b>440.4</b>

## Expenditure trends

Expenditure in the *Administration* programme increased at an average annual rate of 9.5 per cent, from R292.2 million in 2005/06 to R384.2 million in 2008/09, and is expected to increase to R440.4 million in 2011/12, at an average annual rate of 4.7 per cent over the medium term. The fluctuating trend in spending in the *Corporate Services* subprogramme between 2005/06 and 2007/08 can be attributed to a decrease in expenditure on computer services in 2006/07.

Expenditure in the *Management* subprogramme increased by 45.6 per cent, from R23.6 million in 2007/08 to R34.4 million in 2008/09, as a result of the shift of the internal audit directorate from the *Corporate Services* subprogramme to this subprogramme. Spending by the *Management* subprogramme grew by 18.4 per cent in 2007/08 to R23.6 million due to renovations to the minister's office.

Over the MTEF period, the *Property Management* subprogramme, responsible for municipal services, accommodation and leases, grows strongly at an average annual rate of 10.7 per cent, rising from R97.4 million in 2008/09 to R132 million in 2011/12.

Spending on computer services decreased by 23.6 per cent in 2007/08 because projects that fall out of the scope of the Siemens IT public private partnership contract with the department have not been undertaken. Spending is set to rise at an average annual rate of 10.3 per cent over the medium term. Expenditure on machinery and equipment fluctuates over the seven-year period, depending on the number of posts filled each year.

Over the medium term, the department identified cost containment measures in this programme totalling R55.5 million in goods and services.

## Programme 2: Service Delivery

- *Management Support Services* provides for the overall management and related support of the head office, provincial offices, labour centres and visiting points. Funding is mainly used for salaries, and other personnel related costs.
- *Beneficiary Services* provides services to unemployed people and people injured on duty by administering, processing and finalising applications for payment. Funding is used to keep the budget line open for possible future requests from the Unemployment Insurance Fund.
- *Employment Services* facilitates access to employment and income generating opportunities for the unemployed and underemployed by funding and implementing a range of policies and programmes. Funding is mainly used for transfers to the Deaf Federation of South Africa for wage subsidies, the South African National Council for the Blind, and the National Council for the Physically Disabled.
- *Inspection and Enforcement Services* ensures that employers and employees comply with labour legislation through regular inspections. Funding is mainly used for paying labour inspectors, and related costs like travel and subsistence.
- *Labour Market Information and Statistics* researches and monitors developments in the labour market by analysing the impact of various acts, inspection and enforcement services and employment services in the labour market. Funding is mainly used for salaries, and other personnel related costs.
- *Occupational Health and Safety* promotes health and safety in the workplace by regulating dangerous activities and the use of plant and machinery. Funding is mainly used for salaries, and other personnel related costs.

## Objectives and measures

- By 2011/12, increase the percentage of work seekers placed in employment to 70 per cent of registered opportunities per year, using the employment services database.
- Reduce unemployment by training 90 000 unemployed people per year, of which 70 per cent should be placed in employment by 2011/12.
- Increase compliance by companies requesting foreign labour through the Department of Labour to 60 per cent of applications by 2011/12, using the employment equity and workplace skills plans.

- Ensure decent work by implementing and enforcing compliance with all labour legislation at 75 per cent of inspected workplaces by 2011/12.
- Reduce incidents in high risk industries by 18 per cent by 2011/12 by increasing awareness and compliance with the Occupational Health and Safety Act (1993).

## Service delivery and spending focus

A single integrated employment services system was rolled out to provincial offices and labour centres to improve access to these services. By the end of the first half of 2008/09, 10 930 placement opportunities were registered on the employment services system against the target of 6 000, compared to 15 364 placement opportunities registered at the end of 2007/08. In the same period, 8 205 work seekers were placed, against a target of 7 500, compared to 5 578 placed in 2007/08. 187 337 work seekers were registered on the employment services system, compared to 169 059 at the end of 2007/08, an increase of 18 281.

In partnership with the National Council for People with Disabilities, 4 141 registered work seekers were assessed and 4 115 referred to identified critical and scarce skills development programmes by the end of the first half of 2008/09, compared to 17 376 assessed in 2007/08. In 2007/08, the department subsidised the salaries of 11 placement officials, who placed 415 people with disabilities in employment opportunities.

In 2007/08, the following unscheduled inspections were carried out in high risk industries: 2 367 in the food and beverage industry, 1 937 in the construction industry, 2 566 in the agriculture sector, and 3 168 in the hospitality, taxi and security sectors. 319 inspectors and 468 shop stewards were trained to implement and enforce labour legislation in targeted high risk industries.

Spending over the MTEF period focuses on increasing inspections to improve employers' compliance with labour legislation, ensuring greater use of the employment service system to reduce unemployment, and developing the Decent Work agenda.

## Expenditure estimates

**Table 15.5 Service Delivery**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management Support Services	180.4	213.7	247.7	231.1	246.8	217.2	228.4
Eastern Cape	19.4	21.6	28.7	22.2	28.8	29.0	30.9
Free State	11.2	12.0	18.6	15.2	15.7	15.8	16.8
Gauteng South/North	28.1	36.8	43.6	42.8	44.8	44.9	46.8
KwaZulu-Natal	16.5	22.3	27.3	23.2	27.9	27.8	28.4
Limpopo	10.6	14.2	14.4	15.5	16.4	16.2	17.2
Mpumalanga	10.4	12.3	15.8	15.6	17.4	17.4	18.6
North West	9.4	12.2	14.7	14.7	15.4	15.1	16.1
Western Cape	11.0	17.0	19.4	19.8	21.5	21.4	22.3
Northern Cape	6.0	9.8	11.7	11.4	12.4	12.1	12.9
Head office	57.8	55.5	53.6	50.8	46.6	17.3	18.3
Employment services	117.3	126.0	129.6	163.1	173.6	199.6	212.3
Eastern Cape	17.9	20.3	21.0	22.1	22.2	23.7	25.3
Free State	8.9	9.7	9.6	12.7	13.0	14.0	14.9
Gauteng South/North	22.2	23.8	22.5	30.9	32.3	34.5	36.8
KwaZulu-Natal	16.7	17.6	14.6	19.6	23.0	24.4	26.0
Limpopo	9.3	9.2	11.1	12.6	13.2	14.3	15.2
Mpumalanga	11.5	11.8	12.5	13.6	15.5	16.5	17.6
North West	8.1	9.0	10.3	11.7	12.8	13.7	14.6
Western Cape	10.3	11.0	14.0	14.8	16.6	17.5	18.7
Northern Cape	5.8	6.1	6.1	7.6	8.9	9.5	10.2
Head office	6.7	7.6	7.9	17.9	15.9	31.5	33.0

Table 15.5 Service Delivery (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Inspection and Enforcement Services	206.1	226.8	243.4	266.5	314.4	353.9	375.8
<i>Eastern Cape</i>	26.8	28.3	31.8	30.5	31.3	33.9	36.1
<i>Free State</i>	16.1	19.9	18.8	20.1	22.7	24.3	25.9
<i>Gauteng South/North</i>	43.8	51.3	56.2	63.1	67.7	73.2	78.0
<i>KwaZulu-Natal</i>	33.9	35.7	42.0	45.5	49.6	54.2	57.8
<i>Limpopo</i>	16.1	16.9	18.2	21.5	22.7	24.7	26.3
<i>Mpumalanga</i>	15.8	19.5	19.1	22.5	24.0	26.1	27.8
<i>North West</i>	16.5	17.2	17.5	18.6	20.3	22.4	23.9
<i>Western Cape</i>	23.1	26.4	30.2	30.2	31.5	34.4	36.4
<i>Northern Cape</i>	8.5	9.9	9.7	11.4	12.3	13.6	14.5
<i>Head Office</i>	5.5	1.7	0.0	2.6	32.3	47.2	49.2
Labour Market Information and Statistics	14.6	17.7	19.9	21.2	22.0	24.5	26.0
<i>Eastern Cape</i>	1.6	2.3	2.3	2.3	2.6	2.8	3.0
<i>Free State</i>	1.3	1.5	1.6	2.1	1.9	2.2	2.4
<i>Gauteng South/North</i>	2.9	3.6	3.7	4.6	4.7	5.3	5.6
<i>KwaZulu-Natal</i>	1.6	1.9	2.0	2.1	2.4	2.6	2.7
<i>Limpopo</i>	1.4	1.9	2.4	2.2	2.4	2.6	2.7
<i>Mpumalanga</i>	1.8	1.9	2.3	2.2	2.3	2.5	2.6
<i>North West</i>	1.3	1.7	2.4	2.0	2.0	2.3	2.4
<i>Western Cape</i>	1.6	1.7	2.1	2.2	2.3	2.5	2.7
<i>Northern Cape</i>	1.1	1.3	1.1	1.7	1.4	1.7	1.8
Occupational Health and Safety	13.8	10.3	16.1	20.5	20.4	20.6	21.9
<i>Head Office</i>	13.8	10.3	16.1	20.5	20.4	20.6	21.9
<b>Total</b>	<b>532.3</b>	<b>594.6</b>	<b>656.8</b>	<b>702.3</b>	<b>777.1</b>	<b>815.8</b>	<b>864.4</b>
Change to 2008 Budget estimate				12.0	9.6	8.2	8.4

**Economic classification**

<b>Current payments</b>	<b>522.3</b>	<b>579.5</b>	<b>645.9</b>	<b>671.5</b>	<b>744.3</b>	<b>807.8</b>	<b>856.2</b>
Compensation of employees	314.9	356.1	403.6	458.3	545.5	605.0	643.8
Goods and services	207.3	223.3	242.3	213.1	198.8	202.9	212.4
<i>of which:</i>							
<i>Administrative fees</i>	0.0	0.0	–	0.0	0.6	0.2	0.2
<i>Advertising</i>	0.9	0.9	2.8	4.6	4.3	4.4	4.5
<i>Assets less than R5 000</i>	4.0	10.7	4.5	6.5	6.5	5.8	6.0
<i>Bursaries (employees)</i>	1.0	0.9	1.3	1.9	2.1	2.1	2.2
<i>Catering: Departmental activities</i>	0.3	2.3	3.9	3.5	4.0	3.9	4.3
<i>Communication</i>	35.9	38.7	40.0	35.8	30.6	33.3	34.8
<i>Computer services</i>	0.5	0.1	0.4	0.4	0.8	0.7	0.8
<i>Consultants and professional services: Business and advisory services</i>	0.0	0.0	0.1	0.2	1.1	1.2	1.4
<i>Consultants and professional services: Infrastructure and planning</i>	0.7	0.8	1.0	0.5	1.3	1.5	1.6
<i>Contractors</i>	1.6	1.9	0.4	1.4	8.9	6.2	6.6
<i>Agency and support / outsourced services</i>	4.8	3.4	3.9	17.5	12.0	11.7	12.0
<i>Entertainment</i>	0.4	0.1	0.1	0.4	0.6	0.6	0.7
<i>Inventory: Fuel, oil and gas</i>	0.2	0.4	1.0	0.8	0.8	0.9	1.0
<i>Inventory: Other consumables</i>	1.0	1.5	1.6	2.0	3.4	3.4	3.8
<i>Inventory: Stationery and printing</i>	8.3	11.9	12.6	13.5	15.0	15.5	16.5
<i>Lease payments</i>	16.9	4.5	4.3	5.1	7.3	7.8	8.3
<i>Owned and leasehold property expenditure</i>	46.4	56.1	57.9	24.2	5.6	6.4	7.1
<i>Transport provided: Departmental activities</i>	0.2	0.4	0.4	0.0	5.1	6.3	5.0
<i>Travel and subsistence</i>	59.6	65.2	83.0	72.4	58.9	59.1	61.7
<i>Training and development</i>	2.9	6.7	8.5	5.9	8.1	8.4	9.2
<i>Operating expenditure</i>	3.3	2.8	2.0	2.1	8.1	9.8	10.4
<i>Venues and facilities</i>	18.4	13.8	12.3	14.4	13.6	13.3	14.2



Table 15.5 Service Delivery (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>2.2</b>	<b>1.3</b>	<b>2.0</b>	<b>1.5</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>
Provinces and municipalities	0.9	0.2	–	–	–	–	–
Foreign governments and international organisations	–	–	0.1	–	–	–	–
Non-profit institutions	0.5	0.5	0.5	0.6	0.6	0.7	0.7
Households	0.8	0.6	1.3	0.9	0.2	0.2	0.2
<b>Payments for capital assets</b>	<b>7.8</b>	<b>13.8</b>	<b>8.9</b>	<b>29.3</b>	<b>32.0</b>	<b>7.2</b>	<b>7.3</b>
Buildings and other fixed structures	5.5	9.3	6.3	26.3	27.6	3.8	4.0
Machinery and equipment	2.3	4.5	2.6	3.0	4.4	3.4	3.3
<b>Total</b>	<b>532.3</b>	<b>594.6</b>	<b>656.8</b>	<b>702.3</b>	<b>777.1</b>	<b>815.8</b>	<b>864.4</b>

**Details of selected transfers and subsidies**

<b>Non-profit institutions</b>							
<b>Current</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>
Deaf Federation of South Africa	0.1	0.1	0.1	0.2	0.2	0.2	0.2
National Council for the Physically Disabled	0.2	0.2	0.2	0.2	0.2	0.2	0.2
SA National Council for the Blind	0.2	0.2	0.2	0.2	0.3	0.3	0.3

**Expenditure trends**

Expanded capacity in the *Employment Services* and *Inspection and Enforcement Services* subprogrammes contributed to increased expenditure from R532.3 million in 2005/06 to R656.8 million in 2007/08 to R864.4 million in 2011/12, average annual growth of 8.4 per cent over the seven-year period. In 2008/09, spending in the *Employment Services* subprogramme grew by 25.9 per cent due to additional allocations in the 2008 Budget for career and vocational counsellors and placement and client service officer posts. In 2008/09, the allocation to the *Occupation Health and Safety* subprogramme grows by 26.7 per cent due to spending on the business case for the integration of occupational health and safety competencies.

Between 2005/06 and 2007/08, expenditure on travel and subsistence grew from R59.6 million in 2005/06 to R83 million in 2007/08, at an average annual rate of 18 per cent, due to increased labour and occupational health and safety inspections. Over the medium term, spending on this item is expected to decrease due to cost containment initiatives.

Spending on buildings and other fixed structures in 2008/09 grew by 319.7 per cent from 2007/08 because funds for provincial offices and labour centres were reclassified from owned and leasehold property to buildings and other fixed structures.

Due to efficiency savings, this programme's goods and services baseline was reduced by R32.3 million over the MTEF period.

## Programme 3: Employment and Skills Development Services / Human Resources Development

- *National Skills Fund Administration and Transfers* manages and transfers funds to projects identified as national priorities in the national skills development strategy, as well as other projects related to achieving the purposes of the Skills Development Act (1998), as determined by the Director-General of the Department of Labour.
- *SETA Coordination* resources, supports, monitors and reports on the implementation of the national skills development strategy at the sectoral level through establishing and managing the performance of service level agreements with sector education and training authorities. Funding is mainly used for salaries, and other personnel related costs.
- *INDLELA* manages and coordinates national artisan development, including monitoring the improvement of artisan trade assessment, moderation and specialised technical training at the Institute for the National

Development of Learnerships, Employment Skills and Labour Assessments. Funding is used to run the institute and upgrade equipment.

- *Training of Staff* funds staff training programmes, and ensures that the relevant skills are available for implementing legislation.
- *Programme Management Support* provides management support to the employment and skills development programme manager, and coordinates national skills development strategy reporting and monitoring. Funding is mainly used for salaries, and other personnel related costs.
- *NSA Secretariat* provides secretariat support to the National Skills Authority. Funding is mainly used for salaries, and other personnel related costs.
- *Quality Development and Promotion* coordinates the Quality Council for Trades and Occupations to develop, register and quality assure the implementation of qualifications and standards for occupationally based learning across all sectors of the economy. Funding is mainly used for salaries, and other personnel related costs.
- *Productivity SA* transfers funds to Productivity SA, which supports government led strategic initiatives that affect job creation, productivity and competitiveness.
- *Umsobomvu Youth Fund* transfers funds to Umsobomvu Youth Fund, which implements youth development support programmes and facilitates the creation of employment and self employment opportunities for young people.

## Objectives and measures

- Reduce unemployment by developing the skills of 90 000 unemployed work seekers and placing 70 per cent in employment by 2010.
- Enable growth, productivity and sustainability by supporting the National Skills Fund and sector education and training authorities so that 2 000 non-levy paying enterprises, non-government organisations and cooperatives receive skills development funding by 2010.
- Increase the pool of qualified persons with scarce skills by providing top up funding to sector education and training authorities, the National Student Financial Aid Scheme and the National Research Foundation in order to assist 26 000 unemployed learners to enter scarce and critical skills programmes in learnerships, apprenticeships, internships, bursaries and skills programmes by 2010.

## Service delivery and spending focus

The workplace skills plans and annual training report regulations for the public and private sectors were published in February 2007. Amendments to learnership regulations and sector education and training authority grants were published in June and September 2007.

Outputs achieved by the end of the first half of 2008/09 compared to 2007/08 include 1 215 new workers trained through the workplace skills development support programme grants (89 per cent black and 39 per cent women), compared to 2 368 new workers trained in 2007/08 (87 per cent black and 45 per cent women). In the adult basic education and training learning programmes, 18 715 learners were trained against a target of 40 000 by the end of September 2008, compared to 19 987 learners out of a targeted 20 100 in 2007/08.

A master scarce and critical skills list was developed in 2007/08, and by the end of the first half of 2008/09, 30 544 workers were trained in learnerships, apprenticeships and other scarce and critical skills programmes, against a target of 26 000, compared to 112 100 workers against the targeted 37 048 in 2007/08. The target was exceeded by 202.6 per cent, or 75 052 workers. By the end of the first half of 2008/09, 20 770 unemployed people had been trained in learnerships, apprenticeships and other scarce and critical skills programmes, against a target of 26 000, compared to 57 570 learners against the targeted 37 140 in 2007/08. The target was exceeded by 55 per cent, or 20 430 workers. By the end of September 2008, 2 351 learners were placed to gain local and international experience against a target of 2 000, compared to 6 074 learners placed in 2007/08.

Spending over the MTEF period focuses on: reducing unemployment through skills development programmes; increasing the pool of learners with scarce and critical skills; establishing the Quality Council for Trades and



Occupations as a public entity; and continuing to provide support services to the sector education and training authorities and the National Skills Fund.

## Expenditure estimates

**Table 15.6 Employment and Skills Development Services / Human Resources Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
NSF Administration and Transfers	44.6	44.0	46.3	49.2	50.3	53.1	55.5
Seta Co-ordination	13.4	15.3	16.7	23.6	18.4	19.1	21.1
INDLELA	25.7	40.2	39.2	52.8	55.4	60.8	70.6
Training of Staff	0.3	1.2	1.9	1.2	1.0	1.3	1.5
Programme Management Support	4.1	4.0	4.8	5.6	6.4	8.0	8.6
NSA Secretariat	5.4	2.3	3.8	3.6	3.4	5.5	5.8
Quality Development and Promotion	–	–	0.8	9.1	13.8	16.7	19.0
Productivity SA	23.9	32.0	26.6	28.1	29.5	31.2	34.1
Umsobomvu Youth Fund	–	–	400.0	5.1	303.0	342.4	356.4
<b>Total</b>	<b>117.4</b>	<b>139.0</b>	<b>540.1</b>	<b>178.5</b>	<b>481.2</b>	<b>537.9</b>	<b>572.5</b>
Change to 2008 Budget estimate				(25.2)	264.5	314.3	343.6

### Economic classification

<b>Current payments</b>	<b>52.3</b>	<b>56.0</b>	<b>65.5</b>	<b>91.4</b>	<b>91.7</b>	<b>104.6</b>	<b>114.9</b>
Compensation of employees	35.7	38.7	43.6	51.4	60.9	64.5	68.7
Goods and services	16.7	17.3	21.9	40.0	30.8	40.1	46.2
of which:							
Advertising	0.3	0.5	1.1	0.7	0.7	0.7	0.7
Assets less than R5 000	0.7	0.9	0.9	2.1	1.1	2.1	2.2
Catering: Departmental activities	0.1	0.1	0.4	0.9	0.9	0.9	0.9
Communication	0.7	0.6	0.8	1.2	1.2	1.2	1.3
Computer services	–	0.1	–	7.2	0.4	0.4	0.4
Consultants and professional services: Business and advisory services	–	0.0	0.0	–	2.9	4.1	4.0
Consultants and professional services: Legal costs	–	–	–	0.9	0.9	0.9	0.9
Contractors	0.2	0.3	0.4	0.9	0.9	0.9	0.9
Agency and support / outsourced services	1.1	0.3	0.9	1.3	1.3	1.3	2.3
Inventory: Food and food supplies	1.2	1.7	1.4	1.8	1.8	1.8	2.0
Inventory: Materials and supplies	1.8	2.5	4.2	3.6	–	–	–
Inventory: Other consumables	0.4	0.5	0.6	1.1	1.1	1.1	2.2
Inventory: Stationery and printing	2.4	1.8	1.5	2.5	3.4	4.5	6.5
Lease payments	0.5	0.5	0.4	3.6	3.0	4.6	4.6
Owned and leasehold property expenditure	1.0	1.6	1.1	0.7	0.7	1.2	0.7
Travel and subsistence	3.6	3.1	3.1	3.4	3.4	6.4	6.7
Training and development	0.8	1.2	1.9	1.2	1.2	1.2	1.3
Operating expenditure	0.3	0.1	0.2	1.2	1.2	1.2	2.2
Venues and facilities	1.4	1.3	2.4	5.0	4.0	5.0	5.8
<b>Transfers and subsidies</b>	<b>64.4</b>	<b>74.9</b>	<b>472.7</b>	<b>80.2</b>	<b>381.4</b>	<b>425.2</b>	<b>450.4</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	64.2	74.7	71.4	75.1	78.4	82.9	94.0
Public corporations and private enterprises	–	–	400.0	5.1	303.0	342.4	356.4
Households	0.1	0.2	1.2	–	–	–	–
<b>Payments for capital assets</b>	<b>0.7</b>	<b>8.1</b>	<b>2.0</b>	<b>6.9</b>	<b>8.1</b>	<b>8.0</b>	<b>7.2</b>
Buildings and other fixed structures	–	3.3	–	1.0	3.0	3.0	3.0
Machinery and equipment	0.7	4.8	2.0	5.9	5.1	5.0	4.2
<b>Total</b>	<b>117.4</b>	<b>139.0</b>	<b>540.1</b>	<b>178.5</b>	<b>481.2</b>	<b>537.9</b>	<b>572.5</b>

**Table 15.6 Employment and Skills Development Services/ Human Resources Development (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>64.2</b>	<b>74.7</b>	<b>71.4</b>	<b>75.1</b>	<b>78.4</b>	<b>82.9</b>	<b>94.0</b>
Productivity SA	23.9	32.0	26.6	28.1	29.5	31.2	34.1
National Skills Fund	40.3	42.7	44.8	46.9	49.0	51.7	59.9
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>400.0</b>	<b>5.1</b>	<b>303.0</b>	<b>342.4</b>	<b>356.4</b>
Umsobomvu Youth Fund	–	–	400.0	5.1	303.0	342.4	356.4

## Expenditure trends

Expenditure in the *Employment and Skills Development Services/Human Resources Development* programme increased at an average annual rate of 15 per cent, from R117.4 million in 2005/06 to R178.5 million in 2008/09, and is expected to increase to R572.5 million in 2011/12, an average annual rate of 47.5 per cent over the MTEF period, due to the additional allocation of R996.4 million to the Umsobomvu Youth Fund. Between 2007/08 and 2008/09, expenditure decreased by 67 per cent because allocations to the Umsobomvu Youth Fund decreased from R400 million in 2007/08 to R5 million in 2008/09.

R10.9 million of the allocation for the Quality Council for Trades and Occupations was surrendered in the 2008 adjusted estimates process, and the balance of the council budget (R8 million) has thus far been spent on project management, workshops to develop draft policies and information sessions. However, recruitment processes are in place for additional human resources to implement the council, and this will have a positive impact on expenditure in the *Quality Development and Promotion* subprogramme. Spending on capital assets is slow due to external processes that have suspended the implementation of planned developmental projects, mainly because of concerns about the dolomite ground structure in the area of the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments, which will be investigated by the Department of Public Works.

The compensation of employees' budget for 2008/09 was revised from R66.2 million to R51.4 million due to the high vacancy rate, but spending is expected to increase over the MTEF period as posts are filled. Spending on stationery and printing increased from R1.5 million in 2007/08 to an adjusted R2.5 million in 2008/09 due to the provision of stationery at the skills conference in October 2008. Expenditure on travel and subsistence in 2008/09 is projected to grow by 9 per cent compared to 2007/08 as a result of an on-site survey on the impact of skills development on employment. In 2008/09, expenditure on machinery and equipment grows by 196 per cent compared to 2007/08 due to the upgrading of equipment at the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments.

The department has identified cost containment measures in this programme totalling R69.1 million in goods and services and R11.5 million in transfers to departmental agencies and accounts over the MTEF period.

## Public entities

### National Skills Fund

#### Strategic overview: 2005/06 – 2011/12

The National Skills Fund was established in 1999 in terms of the Skills Development Act (1998). It is funded by 20 per cent of the skills development levies collected by the South African Revenue Service, of which a maximum of 2 per cent is allocated for administration.

In 2005, when the Minister of Labour launched the national skills development strategy for 2005 to 2010, the National Skills Fund reviewed its funding processes to ensure that the strategy's targets are met.

The fund's key objectives include promoting employability and sustainable livelihoods, contributing to the development of critical skills, workplace training, and increasing the number of new entrants into the workplace. Key priorities for 2009/10 include: addressing the governance and accountability framework of the fund; accelerating the delivery of critical skills in support of key growth strategies such as the Accelerated and Shared Growth Initiative for South Africa, provincial growth and development strategies, and the Joint Initiative on Priority Skills Acquisition; and improving the rate of disbursement across funded projects.

#### Selected performance and operations indicators

**Table 15.7 National Skills Fund**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of additional unemployed people assisted to enter learning programmes	46 676	41 011	57 570	20 770	18 000	*	*
Number of new learners who have completed learning programmes	4 256	12 251	38 008	23 625 <sup>1</sup>	9 000	*	*
Number of new undergraduate bursaries awarded	6 941	1 148	726	1 179	7 000	*	*
Number of new postgraduate bursaries awarded	621	1 042	1 120	1 500	1 700	*	*
Number of new adult basic education and training learners registered by the National Skills Fund	41 097	46 095	19 987	1 120	40 000	*	*
Number of new registered adult basic education and training learners who have completed programmes	–	12 748	0	18 715	20 000	*	*
Number of additional unemployed people trained	103 168	118 153	101 924	11 940	90 000	*	*
Number of additional trained unemployed people placed in employment	55 376	90 691	71 054	6 696	63 000	*	*

\* Subject to the revised national skills development strategy

1. Includes learners from 2007/08 who did not complete the programmes

#### Service delivery and spending focus

The National Skills Fund provides funding for training unemployed people under the social development skills programme interventions managed by the Department of Labour's provincial offices. The target number of people to be trained in 2008/09 is 90 000.

In 2007/08, 11 940 unemployed people were trained, with 25 per cent receiving accredited training and 6 696 placed in employment opportunities. 5 434 of the trained people were specifically trained for the expanded public works programme, 1 682 as part of the integrated sustainable rural development programme, and 447 for urban renewal programme projects. The number of people trained in 2008/09 has been low, because the procurement procedures for service providers are being aligned with National Treasury's supply chain management prescripts.

In 2007/08, 3 126 unemployed people were targeted for learning programmes, growing to 16 000 for 2008/09. The uptake for 2007/08 was in fact 57 570, with 20 770 taking up learnerships by the end of the first half of 2008/09. The much higher uptake was mainly due to the department's contributions to the Accelerated and Shared Growth Initiative for South Africa and the Joint Initiative on Priority Skills Acquisition. As a result, 38 008 unemployed people completed the learning programmes in 2007/08, and 23 625 by the end of the first half of 2008/09, including learners from 2007/08 who did not complete the programmes.

The National Skills Fund also makes funds available for undergraduate and postgraduate bursaries in critical skills shortage areas, administered by the National Student Financial Aid Scheme and the National Research

Foundation. The target number of bursaries awarded for 2008/09 is likely to be achieved: 1 179 undergraduate bursaries and 1 500 postgraduate bursaries.

Spending over the MTEF period continues to focus on projects that will develop the skills of unemployed people, in an effort to reduce unemployment.

## Expenditure estimates

**Table 15.8 National Skills Fund: Project information**

R million	Audited outcome			Revised estimate 2008/09	Medium-term estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
NSF: Social Development Projects	183.2	279.1	289.1	334.2	367.7	386.1	405.4
Industry support programme	17.7	32.8	35.0	70.3	77.3	81.1	85.2
ABET	–	37.8	64.0	128.4	141.3	148.3	155.7
Strategic Projects	80.3	48.3	152.0	66.3	113.9	113.9	119.6
Critical skills support	292.2	241.5	62.4	172.1	138.9	138.9	138.9
Other projects	70.9	77.3	107.7	139.8	237.4	239.3	500.0
<b>Total expense</b>	<b>644.4</b>	<b>716.9</b>	<b>710.2</b>	<b>911.1</b>	<b>1 076.4</b>	<b>1 107.5</b>	<b>1 404.7</b>

**Table 15.9 National Skills Fund: Financial information**

R million	Audited outcome			Revised estimate 2008/09	Medium-term estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
Skills development levy	976.7	1 065.7	1 256.9	1 505.9	1 549.7	1 664.3	1 834.3
Non-tax revenue	102.8	177.8	260.8	312.9	317.9	327.4	343.8
Other non-tax revenue	102.8	177.8	260.8	312.9	317.9	327.4	343.8
Transfers received	40.3	42.7	44.8	46.9	49.3	52.3	55.4
<b>Total revenue</b>	<b>1 119.7</b>	<b>1 286.2</b>	<b>1 562.4</b>	<b>1 865.7</b>	<b>1 916.8</b>	<b>2 044.0</b>	<b>2 233.4</b>
<b>Expenses</b>							
Current expense	64.4	72.4	66.1	73.8	74.8	75.7	79.8
Compensation of employees	9.2	11.8	12.9	15.0	15.8	16.5	17.7
Goods and services	55.2	60.7	53.2	58.8	59.1	59.1	62.1
Transfers and subsidies	579.9	644.4	644.1	837.3	1 001.5	1 031.9	1 324.9
<b>Total expenses</b>	<b>644.4</b>	<b>716.9</b>	<b>710.2</b>	<b>911.1</b>	<b>1 076.4</b>	<b>1 107.5</b>	<b>1 404.7</b>
<b>Surplus / (Deficit)</b>	<b>475.3</b>	<b>569.3</b>	<b>852.2</b>	<b>954.6</b>	<b>840.5</b>	<b>936.5</b>	<b>828.7</b>

## Expenditure trends

For 2007/08, the National Skills Fund accumulated revenue of R1.6 billion, of which R1.3 billion was from skills development levies. The fund receives a transfer of R160.6 million over the medium term from the Department of Labour for training unemployed people. Slow spending in 2007/08 is because a hold was placed on contracting training provision while procurement procedures were aligned to National Treasury supply chain management prescripts.

Total revenue grew at an average annual rate of 17.4 per cent between 2005/06 and 2008/09 due to increased income from investments, with revenue growth over the medium term slowing to an average annual rate of 7.2 per cent. The bulk of the revenue from transfers received is from the skills development levy, which fluctuates year-on-year because the amount reflects what the South African Revenue Service has actually collected.

Spending on compensation of employees grew at an average annual rate of 17.6 per cent between 2005/06 and 2008/09, due to increased expenses related to the resignation of staff and the 10.5 per cent salary adjustment in 2008/09, slowing to an average annual rate of 5.7 per cent over the medium term. As a result of the anticipated listing of the National Skills Fund, spending on goods and services slows over the medium term because the goods and services budget shifts to the administration budget, which is funded from the 2 per cent of skills levies. Expenditure in transfers and subsidies is projected to grow at an average annual rate of 16.5 per cent over the medium term due to the increased implementation of national skills development strategy projects and programmes.

By the end of September 2008, the National Skills Fund had disbursed R460 million from a total of R597 million collected in 2008/09: R167 million for training unemployed people under the social development

skills programmes initiatives; R64.2 million for training unemployed adult basic education and training learners; R17.9 million for unemployed learners in learnerships; R68.1 million to the National Student Financial Aid Scheme (undergraduate bursaries) and the National Research Foundation (postgraduate bursaries) for bursaries in critical skills shortage areas; R15.9 million for training incentive grants for trained workers linked to the Department of Trade and Industry's small medium enterprise development programme and its business process outsourcing and off-shoring incentives programmes; R12.8 million for skills development support to approved community based cooperatives; R33.1 million for strategic projects (as indicated above); and R22.3 million to the South African Revenue Service in collection fees for the levies collected thus far in 2008/09.

## Sector education and training authorities

### Strategic overview: 2005/06 – 2011/12

There are currently 23 sector education and training authorities, mandated by section 9 of the Skills Development Act (1998) to provide skills development across the different economic sectors. The main objectives of a sector education and training authority are to: implement sector skills plans to develop appropriate skills; develop and register learning programmes; quality assure qualifications and standards of programmes in sectors; and disburse skills development levy funds. Sector education and training authorities meet the national skills development strategy targets through a legislated service level agreement with the Department of Labour. These annual agreements are determined by the national skills development strategy's five-year target, which is also calculated in annual terms over the five-year period.

The sector education and training authority sector skills plans have formed the basis for the first formally published, occupationally based national scarce skills list. The list has also been integrated into the Department of Home Affairs' processes for issuing scarce skills immigration work permits. Sector education and training authority sector skills plans are automatically uploaded through an integrated data collection process into the employment services system so that the annual national scarce skills list is efficiently updated.

The national skills development strategy for 2005 to 2010 sets targets for sector education and training authority programmes. The National Skills Authority will have revised the strategy for 2010 to 2015 by October 2009. The revised five-year target for the number of unemployed people assisted to enter learning programmes is 125 000. 50 per cent are targeted to complete the programmes successfully.

### Selected performance and operations indicators

**Table 15.10 Sector education and training authorities**

Indicator	Past			Present	Projections		2011/12
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	
Number of additional cooperatives that receive skills development support	–	1 293	1 442	579	1 000	1 000	*
Number of additional adult basic education and training learners registered by sector education and training authorities	56 262	46 095	40 583	10 732	100 000	100 000	*
Number of additional adult basic education and training learners who have completed programmes	35 187	12 748	20 415	2 862	40 000	40 000	*
Number of additional workers assisted to enter scarce and critical skills programmes through learnerships, apprenticeships, internships, bursaries and skills programmes	70 362	57 577	112 100	30 544	26 000	26 000	*
Percentage of workers enrolled in scarce and critical skills programmes who have completed learning programmes	42% (29 863)	37% (21 423)	64% (71 529)	79% (26 558)	50% (13 000)	50% (13 000)	*
Number of additional unemployed people trained as part of the social development programmes	103 168	118 153	48 268	11 940	90 000	90 000	*
Percentage of trained unemployed people placed in employment	53.7% (55 376)	76.8% (90 691)	62.6% (30 212)	16.3% (1 944)	70% (63 000)	70% (63 000)	*
Number of additional unemployed people assisted to enter scarce and critical skills programmes in learnerships, apprenticeships, internships, bursaries and skills programmes	46 676	41 011	57 570	20 770	26 000	26 000	*
Number of additional unemployed learners who have completed learning programmes	4 256 (-9%) <sup>1</sup>	12 251 (-30%) <sup>1</sup>	38 008 (66%)	23 652 (82%)	13 000 (50%)	13 000 (50%)	*
Number of additional youth supported through new venture creation programmes	981	3 287	2 559	1 181	2 000	2 000	*
Number of additional ventures sustainable 12 months after completion of the programme	–	755 (-23%) <sup>1</sup>	1 791 (70%)	7 (0.3%)	1 400 (-70%) <sup>1</sup>	1 400 (-70%) <sup>1</sup>	*

\* Subject to revised national skills development strategy

1. Negative percentages refer to percentages below target.

## Service delivery and spending focus

In 2007/08, 1 442 small broad based black economic empowerment (BEE) firms and BEE cooperatives were supported, exceeding the target by 185 per cent. This is a significant improvement on 2006/07, when only 50 per cent of the target was achieved. In 2007/08, 40 583 learners entered adult basic education and training programmes at all levels, against a target of 61 038 entrants, and 20 415 completed the programmes against a target of 36 234. The design of adult basic education and training programmes may have to be reviewed so that they align better with occupational training and are more relevant to people in the workplace.

In 2007/08, the target for helping workers enter learnerships and apprenticeships leading to basic entry, intermediate and high level scarce skills was 37 048, and 19 919 for successfully completing the programme. This target for entering the programme was exceeded by 303 per cent, and by 386 per cent for successfully completing it. The reason could be that no baseline was established when the original targets were set, and likely levels of achievement were underestimated. The current figures can be used as a baseline for the revised national skills development strategy (for 2010 to 2015).

Spending over the MTEF period continues to focus on developing new skills programmes and improving existing ones to improve productivity and reduce unemployment.

## Expenditure estimates

**Table 15.11 Sector Education Training Authorities: Project information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Skills Development & Research	1 610.7	1 494.2	1 480.0	2 006.6	2 189.6	2 178.3	2 265.7
Standards Generating Body	12.5	11.6	11.5	15.6	17.0	16.1	16.0
Learning Programmes	2 815.4	2 611.7	2 586.9	3 507.3	3 827.3	4 132.6	4 210.6
Education Training Quality Assurance	109.6	101.6	100.7	136.5	148.9	141.4	140.5
Other	257.1	238.5	236.2	320.3	349.5	331.7	329.7
<b>Total expense</b>	<b>4 805.2</b>	<b>4 457.5</b>	<b>4 415.3</b>	<b>5 986.2</b>	<b>6 532.4</b>	<b>6 800.1</b>	<b>6 962.5</b>

**Table 15.12 Sector Education Training Authorities: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>339.9</b>	<b>316.3</b>	<b>491.7</b>	<b>451.1</b>	<b>400.9</b>	<b>387.6</b>	<b>409.1</b>
Sale of goods and services other than capital assets	0.2	8.1	6.2	0.4	0.4	0.4	0.4
of which:							
Sales by market establishments	-	7.8	6.1	0.2	0.2	0.2	0.2
Other sales	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other non-tax revenue	339.8	308.2	485.5	450.7	400.5	387.2	408.7
<b>Skills development levies</b>	<b>4 333.7</b>	<b>4 471.4</b>	<b>5 157.3</b>	<b>5 867.7</b>	<b>6 264.0</b>	<b>6 797.6</b>	<b>7 380.4</b>
<b>Total revenue</b>	<b>4 673.6</b>	<b>4 787.7</b>	<b>5 649.0</b>	<b>6 318.8</b>	<b>6 664.9</b>	<b>7 185.2</b>	<b>7 789.5</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>835.0</b>	<b>864.4</b>	<b>679.1</b>	<b>774.1</b>	<b>840.9</b>	<b>848.7</b>	<b>921.6</b>
Compensation of employees	243.3	281.4	323.0	371.0	406.5	415.8	446.6
Goods and services	575.9	560.5	327.9	373.6	405.2	407.4	453.2
Depreciation	15.1	21.4	24.9	26.7	26.2	22.4	18.5
Interest, dividends and rent on land	0.7	1.1	3.2	2.7	2.9	3.1	3.2
<b>Transfers and subsidies</b>	<b>3 970.1</b>	<b>3 593.1</b>	<b>3 736.3</b>	<b>5 212.1</b>	<b>5 691.5</b>	<b>5 951.4</b>	<b>6 041.0</b>
<b>Total expenses</b>	<b>4 805.2</b>	<b>4 457.5</b>	<b>4 415.3</b>	<b>5 986.2</b>	<b>6 532.4</b>	<b>6 800.1</b>	<b>6 962.5</b>
<b>Surplus / (Deficit)</b>	<b>(131.6)</b>	<b>330.1</b>	<b>1 233.6</b>	<b>332.7</b>	<b>132.6</b>	<b>385.1</b>	<b>827.0</b>
<b>Acquisition of assets</b>	<b>28 951.0</b>	<b>33 126.0</b>	<b>20 342.0</b>	<b>68 226.4</b>	<b>29 887.7</b>	<b>27 122.3</b>	<b>25 408.9</b>



## Expenditure trends

Between 2005/06 and 2008/09, transfers received grew at an average annual rate of 10.6 per cent, from R4.3 billion to R5.8 billion, the bulk of which comprises skills development levies. Growth over the medium term is expected to average 7.9 per cent per year to reach R7.3 billion. Other non-tax revenue grew by 57.5 per cent in 2007/08 due mainly to interest earned from investments as a result of the sharp increase in interest rates in 2008. Transfers received between 2005/06 and 2008/09 fluctuate as the amount reflects what the South African Revenue Service has actually collected in relation to skills levies.

Spending on goods and services decreased at an average annual rate of 13.4 per cent between 2005/06 and 2008/09 due to less dependency by the sector education and training authorities on consultants. Transfers and subsidies grow by 39.5 per cent in 2008/09 due to concerted efforts by the sector education and training authorities to reduce the accumulated surplus by increasing the payment of mandatory and discretionary grants.

Acquisition of assets also grows by 235.4 per cent in 2008/09 due to increased projected spending on capital assets, in particular property and buildings, which more sector education and training authorities consider to be a better option than renting premises.

Spending over the MTEF period is set to decrease by 28.1 per cent.

## Programme 4: Labour Policy and Labour Market Programmes

- *Programme Management Unit* manages and controls the labour policy and labour market programmes branch. Funding is mainly used for salaries, and other personnel related costs.
- *Strengthen Civil Society* aims to strengthen the capacity of workers and employers to contribute to a stable and smoothly functioning labour market by providing resources, support and expertise to improve independence and self reliance. Funding is allocated to selected projects to increase the protection of vulnerable workers in rural and remote areas through transfers to the Development Institute for Training, Support and Education for Labour, the Workers' College KwaZulu-Natal, the South African Labour Bulletin, the Southern Cape Land Committee Trust, seven rural advice offices, the Congress of South African Trade Unions and the South African Confederation of Trade Unions.
- *Collective Bargaining* manages the implementation of the Labour Relations Act (1995) through policies and practices that promote sound labour relations and tripartism. Funds are mainly used to: register labour organisations and de-register those that are non compliant; publish and extend collective agreements; support and advance participation in collective bargaining structures; participate in the governance structures of the Commission for Conciliation, Mediation and Arbitration; and participate in relevant National Economic Development and Labour Council activities.
- *Employment Equity and Standards* promotes equity in the labour market through improving enforcement of the Employment Equity Act 1998), and protects vulnerable workers in the labour market by administering the Basic Conditions of Employment Act (1997). Funds are mainly used for reviewing Johannesburg stock exchange listed companies for employment equity substantive compliance, publishing employment equity compliance information, and marketing the employment equity online reporting facility. Funds are also used to extend sectoral determinations to increase the protection of vulnerable workers and promote the protection of children.
- *Commission for Conciliation, Mediation and Arbitration* transfers funds to the Commission for Conciliation, Mediation and Arbitration, which promotes social justice and fairness in the workplace through dispute management and dispute resolution services.
- *Research, Policy and Planning* researches and monitors working conditions and policies affecting the labour market in South Africa and elsewhere. Funds are mainly used for research, monitoring and evaluation activities, and publishing research findings.
- *Labour Market Information and Statistics* collects, collates, analyses and disseminates internal and external labour market statistics to inform all stakeholders about changes in the South African labour market that impact on legislation. Funding is mainly used for salaries, and other personnel costs.



- *International Labour Matters* represents the South African government at the International Labour Organisation, the African Union Labour and Social Affairs Commission, the Southern African Development Community employment and labour sector, and the African Regional Labour Administration Centre, and makes transfers to these bodies for membership fees.
- *National Economic Development and Labour Council* transfers funds to the National Economic Development and Labour Council, which promotes economic growth and social equity by participating in labour market and socioeconomic decision making and by seeking consensus and agreements on social, labour market and economic policy.
- *Sheltered Employment Factories* improves the administration, production and financial control of employment centres for the disabled. Transfers to subsidised work centres for the disabled fund the shortfall between sales revenue and operating costs, and the transfer to subsidised workshops for the blind is a partial subsidy.

## Objectives and measures

- Empower vulnerable workers in rural and remote areas through 15 projects, funded over the MTEF period, that will familiarise these workers with labour legislation and educate them on how to use it.
- Improve employment equity by extending the review of the top 100 Johannesburg stock exchange listed companies for substantive compliance with the legislation over the MTEF period.
- Improve the status of vulnerable workers by:
  - reviewing working conditions in 6 industrial and economic sectors (wholesale and retail, civil engineering, contract cleaning, private security, learnerships, and hospitality) by March 2010
  - establishing the feasibility of promulgating sectoral determinations in the welfare and unskilled labour sectors by March 2010
  - submitting a report to the minister on the norms and benchmarks for proportionate income differentials by March 2010.
- Evaluate the impact of labour market policy by setting a research and monitoring and evaluation agenda by May 2009.
- Continue to extend collective agreements and register new labour organisations within 90 days.

## Service delivery and spending focus

In 2007/08, the Department of Labour allocated funds to 8 civil society organisations involved in labour and the protection of vulnerable workers. By the end of the third quarter of 2008/09, 10 new civil society organisations had been funded against a target of 15 over a 3-year period.

In 2007/08, 7 companies, with 26 subsidiaries, selected from the top 100 Johannesburg stock exchange listed companies, were subjected to a review, as part of promoting equity in the labour market. In 2008/09, 60 companies were identified for the review, and at the end of the first half of the year, 32 companies had been reviewed.

In 2007/08, investigations aimed at the protection of vulnerable workers were conducted in the hospitality, taxi and welfare sectors. In 2008/09 thus far, the welfare, domestic, farming and forestry sectors have been investigated, which has resulted in regulated minimum conditions of employment in these sectors, including a 40-hour working week, an earnings threshold, and a ceiling on working time.

64 bargaining council collective agreements covering 884 40 workers were extended to non-parties in 2007/08, and by the end of the third quarter of 2008/09, 54 collective agreements had been extended. This ensured that minimum wage and social benefits were extended to vulnerable workers who would normally have been excluded.

In 2007/08, 17 research reports were completed and are currently being discussed by stakeholders. In 2008/09, the Annual Labour Market Bulletin and reports on the client satisfaction survey and job opportunities and unemployment in the South African labour market were produced.

Spending over the MTEF period will continue to focus on programmes that reduce conflict and improve working conditions and equity in the labour market through the development of labour legislation and policies informed by labour market research.

## Expenditure estimates

**Table 15.13 Labour Policy and Labour Market Programmes**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Programme Management Unit	7.7	7.3	7.3	8.9	9.5	9.8	10.6
Strengthen Civil Society	8.9	9.4	9.9	13.4	13.8	14.4	15.1
Collective Bargaining	7.3	7.8	9.0	8.4	9.6	10.1	11.1
Employment Equity and Standards	29.2	23.9	23.4	27.7	27.2	27.8	29.4
Commission for Conciliation, Mediation and Arbitration	208.6	244.7	270.6	261.7	291.0	314.8	333.7
Research, Policy and Planning	3.5	10.3	15.0	8.5	14.7	14.9	15.6
Labour Market Information and Statistics	3.0	3.1	3.9	4.4	4.5	4.7	5.1
International Labour Matters	17.0	15.1	17.0	19.1	19.0	19.6	20.9
National Economic Development and Labour Council	11.6	12.7	13.3	14.4	15.1	15.9	16.9
Sheltered Employment Factories	52.4	54.2	47.9	105.5	62.2	62.9	65.2
<b>Total</b>	<b>349.0</b>	<b>388.6</b>	<b>417.5</b>	<b>472.1</b>	<b>466.5</b>	<b>494.8</b>	<b>523.3</b>
Change to 2008 Budget estimate				31.0	(4.7)	(11.6)	(13.3)
<b>Economic classification</b>							
<b>Current payments</b>	<b>60.8</b>	<b>62.6</b>	<b>70.3</b>	<b>72.5</b>	<b>77.9</b>	<b>80.2</b>	<b>85.6</b>
Compensation of employees	26.2	27.0	32.1	39.2	38.8	41.3	45.5
Goods and services	34.6	35.5	38.1	33.2	39.1	38.9	40.1
of which:							
Advertising	11.4	6.2	11.3	12.6	13.4	13.3	13.7
Communication	0.4	0.3	0.4	0.5	0.5	0.5	0.5
Computer services	0.2	6.4	0.1	0.1	0.1	0.1	0.1
Consultants and professional services: Legal costs	1.0	0.4	–	0.3	0.2	0.2	0.2
Agency and support / outsourced services	5.3	9.6	12.6	5.7	10.9	10.9	11.2
Inventory: Stationery and printing	2.1	3.7	3.6	2.3	2.6	2.6	2.7
Lease payments	0.6	0.5	0.3	0.4	0.4	0.4	0.5
Owned and leasehold property expenditure	1.0	0.5	0.5	(0.4)	–	–	–
Travel and subsistence	6.9	5.5	7.1	8.6	7.6	7.6	7.8
Training and development	0.4	0.3	0.6	0.7	0.7	0.7	0.7
Operating expenditure	3.0	0.3	0.3	0.4	0.3	0.3	0.3
Venues and facilities	2.1	1.4	1.0	1.3	1.4	1.4	1.4
<b>Transfers and subsidies</b>	<b>286.9</b>	<b>325.9</b>	<b>347.1</b>	<b>399.5</b>	<b>388.5</b>	<b>414.6</b>	<b>437.7</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	229.0	266.9	293.9	289.0	319.3	344.5	365.0
Foreign governments and international organisations	5.8	6.9	7.3	7.7	9.3	9.6	10.2
Non-profit institutions	52.0	52.2	45.9	102.8	59.9	60.4	62.5
Households	0.0	–	0.1	–	–	–	–
<b>Payments for capital assets</b>	<b>1.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>
Machinery and equipment	1.2	0.1	0.1	0.1	0.1	0.1	0.0
<b>Total</b>	<b>349.0</b>	<b>388.6</b>	<b>417.5</b>	<b>472.1</b>	<b>466.5</b>	<b>494.8</b>	<b>523.3</b>

Table 15.13 Labour Policy and Labour Market Programmes (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>229.0</b>	<b>266.9</b>	<b>293.9</b>	<b>289.0</b>	<b>319.3</b>	<b>344.5</b>	<b>365.0</b>
Commission for Conciliation, Mediation and Arbitration	208.6	244.7	270.6	261.7	291.0	314.8	333.7
Development Institute for Training, Support and Education for Labour	8.9	9.4	9.9	13.4	13.8	14.4	15.1
National Economic Development and Labour Council	11.6	12.7	13.3	14.0	14.6	15.4	16.3
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>5.8</b>	<b>6.9</b>	<b>7.3</b>	<b>7.7</b>	<b>9.3</b>	<b>9.6</b>	<b>10.2</b>
International Labour Organisation	5.4	6.4	6.8	7.2	8.7	9.0	9.6
African Regional Labour Administration Centre	0.4	0.5	0.4	0.5	0.6	0.6	0.6
<b>Non-profit institutions</b>							
<b>Current</b>	<b>52.0</b>	<b>52.2</b>	<b>45.9</b>	<b>102.8</b>	<b>59.9</b>	<b>60.4</b>	<b>62.5</b>
South African Youth Council	1.0	–	–	–	–	–	–
Subsidised workshops for the blind	6.3	6.7	7.0	7.4	7.7	8.2	8.7
Subsidised work centres for the disabled	44.7	45.5	38.8	95.4	52.1	52.2	53.8

## Expenditure trends

Expenditure increased from R349 million in 2005/06 to R472.1 million in 2008/09, at an average annual rate of 10.6 per cent, due to increased spending by the *Commission for Conciliation Mediation and Arbitration* and *Sheltered Employment Factories* subprogrammes. In 2008/09, spending by *Sheltered Employment Factories* subprogramme grows by 120.2 per cent, compared to 2007/08, due to an allocation of R5 million earmarked for a business case to restructure the existing sheltered employment factories and a virement of R37.6 million during the adjusted estimates process to cover operational expenditure due to the decline in revenue from sales at these factories. The Commission for Conciliation, Mediation and Arbitration baseline grew by 17.3 per cent in 2006/07 due to an increased transfer payment to cover rising caseloads and special projects, and in 2007/08 by 10.6 per cent as a result of a virement from the department for purchasing generators due to load shedding.

Expenditure on advertising was R11.4 million in 2005/06, which was much higher compared to 2006/07 due to marketing the employment equity on-line reporting facility and improving the employment equity system to incorporate the amended employment equity reporting forms.

Expenditure by the *Research, Policy and Planning* subprogramme fluctuates between 2006/07 and 2009/10 as it is dependent on the number of research projects each year.

Spending in the *Strengthen Civil Society* subprogramme grew at a rate of 34.8 per cent in 2008/09 due to a transfer of R3 million to labour federations for May Day celebrations.

Between 2005/06 and 2008/09, spending on goods and services decreased at an average annual rate of 1.4 per cent due to the virement of R9.6 million to the *Sheltered Employment Factories* subprogramme in 2008/09, with projected spending over the medium term growing at an average annual rate of 6.4 per cent. Expenditure on compensation of employees grew at an average annual rate of 14.4 per cent between 2005/06 and 2008/09 and slows to an average annual 5.1 per cent over the medium term. The strong growth of 22.1 per cent in 2008/09 is due to the 10.5 per cent public servants salary increase in 2008/09.

The department has identified cost containment measures of R19.1 million in goods and services and R9.4 million in transfers to departmental agencies over the medium term.

## Programme 5: Social Insurance

- *Unemployment Insurance Fund* transfer funds to the Unemployment Insurance Fund. This budget line is kept open for possible future funding requests from the Unemployment Insurance Fund.
- *Compensation Fund* transfers funds to the Compensation Fund, which pays claims by civil servants injured on duty.

### Expenditure estimates

**Table 15.14 Social Insurance**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Unemployment Insurance Fund	–	–	–	0.0	0.0	0.0	0.0
Compensation Fund	4.9	7.0	5.9	10.5	9.0	8.9	9.6
<b>Total</b>	<b>4.9</b>	<b>7.0</b>	<b>5.9</b>	<b>10.5</b>	<b>9.0</b>	<b>9.0</b>	<b>9.6</b>
Change to 2008 Budget estimate				–	(2.1)	(2.1)	(2.1)

  

Economic classification							
<b>Transfers and subsidies</b>	<b>4.9</b>	<b>7.0</b>	<b>5.9</b>	<b>10.5</b>	<b>9.0</b>	<b>9.0</b>	<b>9.6</b>
Departmental agencies and accounts	4.9	7.0	5.9	10.5	9.0	9.0	9.6
<b>Total</b>	<b>4.9</b>	<b>7.0</b>	<b>5.9</b>	<b>10.5</b>	<b>9.0</b>	<b>9.0</b>	<b>9.6</b>

  

Details of selected transfers and subsidies							
Departmental agencies and accounts							
Social security funds							
<b>Current</b>	<b>4.9</b>	<b>7.0</b>	<b>5.9</b>	<b>10.5</b>	<b>9.0</b>	<b>9.0</b>	<b>9.6</b>
Compensation Fund	4.9	7.0	5.9	10.5	9.0	8.9	9.6
Unemployment Insurance Fund	–	–	–	0.0	0.0	0.0	0.0

### Expenditure trends

The allocation to the Unemployment Insurance Fund was reduced to a nominal R1 000 a year from 2005/06 because the fund is solvent with a strong asset base. (The department is obliged to include this nominal provision for possible future funding requests from the Unemployment Insurance Fund.)

Transfer payments to the Compensation Fund decreased by 16.1 per cent in 2007/08 because there was less demand on the budget for claims by civil servants for injuries sustained on duty. Expenditure is expected to decline at an average annual rate of 2.9 per cent over the medium term.

The department has identified cost containment measures in the *Compensation Fund* subprogramme of R6.3 million in transfers and subsidies over the medium term.

### Public entities

#### Unemployment Insurance Fund

##### Strategic overview: 2005/06 – 2011/12

The Unemployment Insurance Fund contributes to the alleviation of poverty in South Africa by providing short term unemployment insurance to all workers who qualify for unemployment related benefits. The fund is financed by a dedicated tax on the wage bill.

Key priorities over the short to medium term include: participating in social security reform; developing and supporting schemes to alleviate poverty; enforcing compliance by employers on declarations and contributions; intensifying the accuracy of information on the database; recovering overpayments; improving controls to minimise overpayments; increasing returns on investments; improving unemployment insurance benefits; improving the financial position of the fund; and building and sustaining organisational capabilities.

In 2007/08, the fund paid R2.9 billion in claims to 526 872 beneficiaries, of which: R2 billion was paid to 397 000 claimants for unemployment benefits; R187 million was paid to 25 000 claimants for illness benefits; R461 million was paid to 89 000 claimants for maternity and adoption benefits; and R242 million was paid to 16 000 claimants for dependant benefits.

### Selected performance and operations indicators

**Table 15.15 Unemployment Insurance Fund**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Percentage increase in the number of employees on the database compared to the previous year	–	–	1.9 %	6 %	6 %	6 %	6 %
Percentage increase in revenue collection compared to the previous year	12.51 % (R6.9bn)	16.39 % (R8.1bn)	13.75 % (R9.1bn)	Linked to CPIX	Linked to CPIX	Linked to CPIX	Linked to CPIX
Turnaround time to process claims (weeks)	8	6	6	5	5	5	5
Number of new claims processed	589 742	572 846	527 890	–	–	–	–
Percentage of benefit claims finalised within allocated period	81 % (477 691)	81 % (464 005)	76.5 % (403 836)	90 %	95 %	95 %	95 %

### Service delivery and spending focus

The Unemployment Insurance Fund has obtained an unqualified audit opinion from the auditor-general for the third year in succession. Apart from the R2.9 million which was paid to 526 872 beneficiaries, the fund's total assets increased from R20.6 million in 2006/07 to R27.8 million in 2007/08, reflecting growth of 34.9 per cent. In 2006/07, the fund drafted amendments to the Unemployment Insurance Act (2001) to improve payments to beneficiaries and address certain restrictions, such as restricting beneficiaries from receiving unemployment insurance benefits if they are also receiving a state old age pension.

In 2007/08, the fund registered 89 593 new employers, raising the total number of employers to 1 166 467. It also registered 139 943 new employees, raising the total to 7 392 493. Improvements to the fund's business processes and its communication drive resulted in a benefit approval rate of 97.5 per cent. The Unemployment Insurance Fund remains committed to bringing services closer to its diversified client base in all provinces. Labour centres with processing functions increased from 32 in 2006/07 to 57 in 2007/08 (78 per cent), which has resulted in quicker turnaround times for processing and paying claims.

Spending over the MTEF period will continue to focus on: improving services to clients by increasing public awareness; decentralising the claims processing functions to labour centres; improving the prevention and recovery of benefits paid in error; and implementing projects that can alleviate the harmful effects of unemployment.

### Expenditure estimates

**Table 15.16 Unemployment Insurance Fund: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
Unemployment contributions	6 861.2	7 985.4	9 082.8	9 728.8	10 409.8	11 138.5	11 918.2
Non-tax revenue	1 190.7	1 478.6	2 271.5	2 278.5	2 825.4	3 418.0	4 056.9
Sale of goods and services other than capital assets	1.9	1.5	1.8	1.8	1.9	1.9	1.9
of which:							
Sales by market establishments	1.9	1.5	1.8	1.8	1.9	1.9	1.9
Other non-tax revenue	1 188.8	1 477.1	2 269.7	2 276.6	2 823.6	3 416.1	4 055.0
<b>Total revenue</b>	<b>8 051.9</b>	<b>9 464.0</b>	<b>11 354.4</b>	<b>12 007.3</b>	<b>13 235.3</b>	<b>14 556.5</b>	<b>15 975.1</b>

**Table 15.16 Unemployment Insurance Fund: Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Expenses</b>							
<b>Current expense</b>	<b>564.9</b>	<b>883.4</b>	<b>1 259.6</b>	<b>1 124.6</b>	<b>1 370.4</b>	<b>1 478.3</b>	<b>1 631.9</b>
Compensation of employees	258.3	287.8	335.1	481.5	678.0	749.2	827.8
Goods and services	304.3	594.9	919.5	634.3	687.2	723.4	797.7
Depreciation	2.2	0.6	4.6	8.8	5.2	5.7	6.3
Interest, dividends and rent on land	0.0	0.1	0.4	–	–	–	–
<b>Transfers and subsidies</b>	<b>2 888.3</b>	<b>2 572.9</b>	<b>3 227.8</b>	<b>3 586.7</b>	<b>4 151.9</b>	<b>4 705.3</b>	<b>5 374.8</b>
<b>Total expenses</b>	<b>3 453.1</b>	<b>3 456.2</b>	<b>4 487.4</b>	<b>4 711.3</b>	<b>5 522.3</b>	<b>6 183.6</b>	<b>7 006.7</b>
<b>Surplus / (Deficit)</b>	<b>4 598.8</b>	<b>6 007.7</b>	<b>6 867.0</b>	<b>7 296.0</b>	<b>7 713.0</b>	<b>8 372.9</b>	<b>8 968.4</b>
<b>Acquisition of assets</b>	<b>2.4</b>	<b>3.7</b>	<b>4.4</b>	<b>10.5</b>	<b>12.7</b>	<b>1.2</b>	<b>1.3</b>

### Expenditure trends

Unemployment Insurance Fund contributions, or transfers received, grew at an average annual rate of 12.3 per cent between 2005/06 and 2008/09 due to changes in the annual wage inflation salary ceiling increases on which contributions are calculated, and increased public awareness of the fund. A more conservative growth of 7 per cent in contributions revenue is expected over the MTEF period as the economy contracts. Other non-tax revenue grew at an average annual rate of 24.2 per cent between 2005/06 and 2008/09 due to increased income from investments, fines and penalties.

The fund's total expenditure for 2007/08 was R4.5 billion, of which R3.2 billion was paid out to contributors. Compensation of employees is estimated to increase by R196.5 million between 2008/09 and 2009/10 and provides for: appointing more regional staff and additional payroll auditors; restructuring the fund to align its structure with key business processes; and wage inflation. Spending on goods and services between 2005/06 and 2008/09 grew at an average annual rate of 27.7 per cent. This increase can be attributed to increases in the commission paid to the South African Revenue Service for Unemployment Insurance Fund contributions (based on 1.5 per cent of contributions), increases in the IT public private partnership unitary fee, and consultant fees. Growth over the medium term slows to an average annual rate of 7.9 per cent.

### Benefit expenditure by type

Number of beneficiaries	Audited outcome			Revised estimate	Medium-term estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Unemployment benefits	2 191.9 (451 000)	1 991.4 (421 000)	2 030.9 (397 000)	2 341.4	2 678.1	3 063.7	3 505.3
Illness benefits	186.9 (26 000)	179.8 (30 000)	187.4 (25 000)	210.7	241.0	276.6	316.5
Maternity / adoption benefits	355.5 (81 000)	418.5 (96 000)	460.2 (89 000)	492.5	563.2	644.0	736.2
Dependent benefits	199.2 (31 000)	248.2 (25 000)	243.0 (16 000)	291.6	334.2	381.9	437.0
<b>Total benefit payments<sup>1</sup></b>	<b>2 933.4</b>	<b>2 837.9</b>	<b>2 921.5</b>	<b>3 336.2</b>	<b>3 816.6</b>	<b>4 366.2</b>	<b>4 994.9</b>
<b>Total number of beneficiaries</b>	<b>(589 000)</b>	<b>(572 000)</b>	<b>(527 000)</b>				

1. Excludes technical reserves

Total benefits expenditure is based on the actuarial year end report for March 2008, compiled by a private actuarial company. The estimated value of benefits payable for 2009/10 is R3.8 billion, an increase of approximately 14.4 per cent compared to the revised actuarial calculation of R3.3 billion for 2008/09. Benefit payments were estimated taking into account the annual rate of increase in the number of claims and the average claim amounts per benefit type over the last few years. The benefit types are profiled on current payment trends.



## Compensation Fund

### Strategic overview: 2005/06 – 2011/12

The Compensation Fund's main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases.

Priority improvements for the fund include: paying benefits through electronic transfer; collections processes; turnaround times for claims settlement; access to Compensation for Occupational Injuries and Diseases Act (1993) services, and the fund's information system. A turnaround strategy for the fund was implemented in July 2007. This business re-engineering project is expected to improve and align the business processes with all regulations and the fund's strategic objectives. Cheque payments were discontinued and electronic payments instituted from September 2007. Spending on benefit payments decreased by 29 per cent, from R2.2 billion in 2006/07 to R1.6 billion in 2007/08, because of beneficiaries who submitted their bank details late. Further upgrades to the fund's financial system began in January 2008.

### Selected performance and operations indicators

**Table 15.17 Compensation Fund**

Indicators	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of registered employers	295 651	323 368	387 000	369 476	424 897	509 876	540 469
Percentage change in revenue collected	14% (R4.3bn)	(2%) (R4.2bn)	(11.4%) (R4.2bn)	7% (R4.6bn)	6% (R4.9bn)	4% (R5.1bn)	6% (R5.4bn)
Number of new claims registered	238 030	213 246	209 830	224 000	224 000	224 000	224 000
Turnaround time from receipt of final claim documentation (days)	–	–	90	85	80	75	70

### Service delivery and spending focus

Major achievements for 2007/08 include paying 777 320 medical and 335 345 compensation claims, 41 per cent of the claims backlog and 59 per cent of current claims. In total, 1 112 665 claims were paid. All new claims were registered within 2 days, and liability on most newly registered claims was finalised within 5 working days, compared to the 10-day turnaround time in 2006/07. In 2007/08, medical expenses of R1.3 billion were paid within 21 days of receiving full documentation, with expenses decreasing by 7.1 per cent compared to 2006/07 (R1.4 billion). As a result, Compensation for Occupational Injuries and Diseases Act (1993) benefit payments increased. All new claims received are now registered within 24 hours. A new document management system has improved the quality of electronic files.

In 2007/08, the number of registered employers increased by 19.7 per cent compared to 2006/07, rising from 323 368 to 387 000 and exceeding the target by 14.7 per cent. The management of bad debts improved significantly, with bad debt write-offs decreasing from R200 million in 2006/07 to R66 million in 2007/08. As part of the integrated claims and revenue management system, a fully fledged call centre with a staff complement of 40 was established in 2007/08.

Spending over the MTEF period continues to focus on improving the capacity of the organisation by addressing human resource challenges, decentralising office functions to provinces, changing the IT infrastructure, and reviewing the policy on rehabilitation to ensure that injured workers return to work in good time.

### Expenditure estimates

**Table 15.18 Compensation Fund, including Reserve Fund: Project information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Claims	2 082.7	2 213.6	1 573.7	2 595.9	2 751.6	2 916.7	3 208.4
Administration	701.3	855.9	601.1	635.2	609.8	594.2	653.5
Capital	26.3	0.9	18.2	15.6	16.1	17.6	19.2
Other projects	934.0	612.1	3 830.2	–	–	–	–
<b>Total expense</b>	<b>3 744.2</b>	<b>3 682.5</b>	<b>6 023.2</b>	<b>3 246.7</b>	<b>3 377.5</b>	<b>3 528.5</b>	<b>3 881.1</b>



**Table 15.19 Compensation Fund, including Reserve Fund: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Social contributions</b>	2 740.8	3 077.3	3 556.3	3 769.6	3 995.8	4 235.6	4 489.7
<b>Non-tax revenue</b>	1 418.2	1 413.5	1 752.6	1 356.2	1 436.1	1 522.3	1 615.1
Sale of goods and services other than capital assets	9.3	–	–	–	–	–	–
of which:							
Admin fees	9.3	–	–	–	–	–	–
Other non-tax revenue	1 408.9	1 413.5	1 752.6	1 356.2	1 436.1	1 522.3	1 615.1
<b>Total revenue</b>	<b>4 159.0</b>	<b>4 490.7</b>	<b>5 308.8</b>	<b>5 125.8</b>	<b>5 431.9</b>	<b>5 757.8</b>	<b>6 104.8</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>641.2</b>	<b>794.9</b>	<b>541.6</b>	<b>575.6</b>	<b>546.1</b>	<b>527.3</b>	<b>579.7</b>
Compensation of employees	114.0	122.1	148.6	201.6	213.7	226.5	249.1
Goods and services	524.1	671.4	392.5	372.3	330.7	298.9	328.7
Depreciation	3.2	1.4	0.4	1.7	1.8	1.9	1.9
<b>Transfers and subsidies</b>	<b>3 103.0</b>	<b>2 887.6</b>	<b>5 481.7</b>	<b>2 671.1</b>	<b>2 831.4</b>	<b>3 001.3</b>	<b>3 301.4</b>
<b>Total expenses</b>	<b>3 744.2</b>	<b>3 682.5</b>	<b>6 023.2</b>	<b>3 246.7</b>	<b>3 377.5</b>	<b>3 528.5</b>	<b>3 881.1</b>
<b>Surplus / (Deficit)</b>	<b>414.8</b>	<b>808.2</b>	<b>(714.4)</b>	<b>1 879.2</b>	<b>2 054.4</b>	<b>2 229.3</b>	<b>2 223.7</b>
<b>Acquisition of assets</b>	<b>26.3</b>	<b>0.9</b>	<b>18.2</b>	<b>–</b>	<b>16.1</b>	<b>17.6</b>	<b>19.2</b>

### Expenditure trends

Total revenue grew from R4.2 billion in 2005/06 to R12 billion in 2008/09 at an average annual rate of 7.2 per cent, and is expected to increase to R6.1 billion in 2011/12 at an average annual rate of 6 per cent over the MTEF period. Other non-tax revenue grew by 24 per cent in 2007/08 as a result of contracting a debt collection service to recover outstanding assessments. However, growth over the medium term is projected at an average annual rate of 6 per cent.

Spending on compensation of employees grew by 35.6 per cent in 2008/09 due to the increased employment of contract workers. Average annual growth is 7.3 per cent over the medium term. In 2006/07, spending on goods and services grew by 28.1 per cent as a result of the project on the decentralisation of services, which was piloted at the Port Elizabeth provincial office in Eastern Cape. Transfers and subsidies paid, comprising payments for claims, grew by 89.8 per cent in 2007/08 because calculations for pension benefits were corrected. Projected payments over the medium term grow at an average annual rate of 7.3 per cent.

## Additional tables

**Table 15.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	360.7	365.7	328.4	387.2	(3.0)	384.2	362.7
2. Service Delivery	655.4	665.4	656.8	690.4	12.0	702.3	642.2
3. Employment and Skills Development Services/ Human Resources Development	585.0	575.0	540.1	203.7	(25.2)	178.5	172.7
4. Labour Policy and Labour Market Programmes	421.8	421.8	417.5	441.1	31.0	472.1	466.5
5. Social Insurance	10.0	10.0	5.9	10.5	–	10.5	4.7
<b>Subtotal</b>	<b>2 032.9</b>	<b>2 037.9</b>	<b>1 948.6</b>	<b>1 732.9</b>	<b>14.7</b>	<b>1 747.6</b>	<b>1 648.7</b>
<b>Direct charge against the National Revenue Fund</b>	<b>6 000.0</b>	<b>6 800.0</b>	<b>6 284.3</b>	<b>7 529.6</b>	<b>–</b>	<b>7 529.6</b>	<b>7 529.6</b>
Sector education and training authorities	4 800.0	5 440.0	5 027.4	6 023.7	–	6 023.7	6 023.7
National Skills Fund	1 200.0	1 360.0	1 256.9	1 505.9	–	1 505.9	1 505.9
<b>Total</b>	<b>8 032.9</b>	<b>8 837.9</b>	<b>8 232.9</b>	<b>9 262.5</b>	<b>14.7</b>	<b>9 277.2</b>	<b>9 178.3</b>

**Economic classification**

<b>Current payments</b>	<b>1 159.8</b>	<b>1 181.5</b>	<b>1 108.6</b>	<b>1 237.8</b>	<b>(20.2)</b>	<b>1 217.6</b>	<b>1 124.5</b>
Compensation of employees	568.7	580.7	543.8	643.6	(14.8)	628.9	535.8
Goods and services	591.1	600.8	562.4	594.1	(5.5)	588.7	588.7
Financial transactions in assets and liabilities	–	–	2.3	–	–	–	–
<b>Transfers and subsidies</b>	<b>6 836.0</b>	<b>7 624.7</b>	<b>7 112.7</b>	<b>7 980.0</b>	<b>41.3</b>	<b>8 021.3</b>	<b>8 015.5</b>
Departmental agencies and accounts	6 382.7	7 169.7	6 655.6	7 901.2	3.0	7 904.2	7 898.4
Public corporations and private enterprises	400.0	400.0	400.0	5.1	–	5.1	5.1
Foreign governments and international organisations	6.8	7.6	7.4	7.7	(0.0)	7.7	7.7
Non-profit institutions	46.4	46.4	46.4	65.8	37.6	103.4	103.4
Households	0.1	0.9	3.3	0.2	0.7	0.9	0.9
<b>Payments for capital assets</b>	<b>37.1</b>	<b>31.7</b>	<b>11.7</b>	<b>44.7</b>	<b>(6.4)</b>	<b>38.3</b>	<b>38.3</b>
Buildings and other fixed structures	22.4	14.4	6.3	29.3	(2.0)	27.3	27.3
Machinery and equipment	14.4	17.3	5.4	15.4	(4.4)	11.0	11.0
Software and intangible assets	0.3	0.1	–	–	–	–	–
<b>Total</b>	<b>8 032.9</b>	<b>8 837.9</b>	<b>8 232.9</b>	<b>9 262.5</b>	<b>14.7</b>	<b>9 277.2</b>	<b>9 178.3</b>

**Table 15.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	408.6	469.6	534.6	619.6	725.4	796.6	847.5
Unit cost (R million)	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Personnel numbers (head count)	4 233	3 644	4 665	3 618	3 948	4 028	4 028
Personnel numbers (head count)	–	–	158	–	–	–	–
<b>Interns</b>							
Compensation of interns (R million)	16.8	7.5	9.2	9.2	9.2	9.2	9.6
Unit cost (R million)	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Number of interns	241	163	148	200	200	200	200
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>425.3</b>	<b>477.1</b>	<b>543.8</b>	<b>628.9</b>	<b>734.6</b>	<b>805.8</b>	<b>857.1</b>
<b>Unit cost (R million)</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Personnel numbers (head count)</b>	<b>4 474</b>	<b>3 807</b>	<b>4 971</b>	<b>3 818</b>	<b>4 148</b>	<b>4 228</b>	<b>4 228</b>
<b>Learnerships</b>							
Payments for learnerships (R million)	4.2	5.3	5.3	5.3	5.3	–	–
Number of learnerships (head count)	220	214	2	250	250	–	–

**Table 15.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	425.3	477.1	543.8	628.9	734.6	805.8	857.1
Training expenditure (R million)	6.3	10.2	8.5	8.9	9.3	10.3	10.9
Training as percentage of compensation	1.5%	2.1%	1.6%	1.4%	1.3%	1.3%	1.3%
Total number trained in department (head count)	4 235	3 260	3 260	2 081			
of which:							
Employees receiving bursaries (head count)	31	56	146	248			
Learnerships trained (head count)	220	214	250	–			
Internships trained (head count)	241	162	313	–			

**Table 15.D Summary of departmental public private partnership projects**

Project description: Siemens business services - IT agreement		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million		2008/09	2009/10	2010/11	2011/12	
<b>Projects signed in terms of Treasury Regulation 16</b>		<b>40.8</b>	<b>69.9</b>	<b>79.4</b>	<b>92.7</b>	<b>107.7</b>
PPP unitary charge		40.8	69.9	79.4	92.7	107.7
<b>Total</b>		<b>40.8</b>	<b>69.9</b>	<b>79.4</b>	<b>92.7</b>	<b>107.7</b>

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	Public private partnership agreement between the Department of Labour and Siemens Business Services for the provision of IT services
Brief description	The IT public private partnership agreement is regarded by the department as a way of achieving its objectives against the background of the requirements of the specialised knowledge and expertise needed to develop and manage a modern IT service
Date public private partnership agreement was signed	30 November 2002
Duration of public private partnership agreement	10 years
Escalation index for unitary fee	Annual increases by CPIX, as well as increases based on the number of computer users
Net present value of all payment obligations discounted at appropriate duration government bond yield	Net present value calculated at R117 987 322 using the government bond yield of 8.55%
Variations / amendments to public private partnership agreement	The public private partnership agreement makes provision for a change management process that deals with changes to the agreement and the unitary fee
Cost implications of variations/amendments	The change management notes that have an impact on the unitary fee are listed under item 2 of remarks by the chief information officer

**Table 15.E Summary of departmental public private partnership projects**

Project description: National fleet project		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million		2008/09	2009/10	2010/11	2011/12	
<b>Projects signed in terms of Treasury Regulation 16</b>		<b>103.2</b>	<b>28.7</b>	<b>30.1</b>	<b>31.7</b>	<b>33.2</b>
PPP unitary charge <sup>1</sup>		103.2	28.7	30.1	31.7	33.2
<b>Total</b>		<b>103.2</b>	<b>28.7</b>	<b>30.1</b>	<b>31.7</b>	<b>33.2</b>

1. Phavis fleet services public private partnership. Disclosure notes for this project can be viewed in the public private partnership table in the Department of Transport's chapter.

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	Public private partnership agreement between the Department of Transport and Phavis
Brief description	Public private partnership agreement between the Department of Transport and Phavis for car rental services for official national departments' use including the Department of Labour.

Table 15.F Summary of expenditure on infrastructure

	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million											
Small projects or programmes (costing less than R50 million per annum)	Office building	Construction of new office accommodation	Design stage	2.4	-	-	-	-	-	1.5	0.8
	Office building	Construction of new office accommodation	Pre-design planning	2.8	-	-	-	-	2.8	-	-
	Office building	Construction of new office accommodation	Pre-design planning	3.4	-	-	-	-	3.4	-	-
	Office building	Construction of new office accommodation	Design stage	16.7	-	-	1.1	0.2	16.0	-	-
	Office building	Construction of new office accommodation	Design stage	17.5	-	-	-	-	-	-	-
	Office building	Construction of new office accommodation	Pre-design planning	0.0	-	-	-	-	5.4	-	-
	Office building	Construction of new office accommodation	Pre-design planning	0.0	-	-	-	-	-	0.0	-
	Office building	Construction of new office accommodation	Pre-design planning	0.0	-	-	-	-	-	0.0	-
	Office building	Construction of new office accommodation	Pre-design planning	6.0	-	-	-	-	-	1.2	1.6
	Office building	Construction of new office accommodation	Pre-design planning	6.0	-	-	-	-	-	1.1	1.6
	Office building	Construction of new office accommodation	Pre-design planning	1.6	-	-	-	-	-	-	-
	Office building	Construction of new office accommodation	Pre-design planning	1.6	-	-	-	-	-	-	-
	Office building	Maintenance and repair projects at labour centres	Construction stage	2.1	-	0.2	0.2	0.3	-	-	-
	Office building	Maintenance and repair projects at labour centres	Construction stage	11.9	2.0	3.5	0.5	3.0	0.1	-	-
	Office building	Maintenance and repair projects at labour centres	Construction stage	1.4	-	0.2	0.8	0.4	-	-	-
	Office building	Maintenance and repair projects at labour centres	Construction stage	9.7	1.3	3.4	0.9	0.8	-	-	-
Office building	Maintenance and repair projects at labour centres	Construction stage	6.7	0.6	2.1	0.2	0.5	-	-	-	

Table 15.F Summary of expenditure on infrastructure (continued)

	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million											
Repair and maintenance programme: Labour centre: Pretoria post office and labour centre	Office building	Maintenance and repair projects at labour centres	Design stage	8.5	–	–	0.2	0.1	1.6	3.7	3.4
Repair and maintenance programme: Labour centre: Phalaborwa, Hoedspruit and Seshego	Office building	Maintenance and repair projects at labour centres	Construction stage	6.2	1.0	2.3	0.1	0.3	0.2	–	–
Repair and maintenance programme: Labour centre: Witbank, Lydenburg and Komatipoort	Office building	Maintenance and repair projects at labour centres	Construction stage	9.6	–	1.2	0.8	1.1	0.0	–	–
Repair and maintenance programme: Western Cape	Office building	Maintenance and repair projects at labour centres	Construction stage	24.9	3.0	8.9	5.9	2.9	0.5	–	–
<b>Small projects or programmes (costing less than R50 million per annum)</b>											
Repair and maintenance programme: Durban masonic grove emergency repairs	Office building	Maintenance and repair projects at labour centres	Construction stage	6.3	0.2	2.5	2.0	1.6	–	–	–
Repair and maintenance programme: Labour centre: Mdantsane	Office building	Maintenance and repair projects at labour centres	Design stage	4.2	–	–	–	–	–	–	–
Repair and maintenance programme: Gauteng South	Office building	Maintenance and repair projects at labour centres	Construction stage	38.7	2.8	10.1	0.3	5.0	1.2	0.9	–
Repair and maintenance programme: Durban masonic grove: Electrical and mechanical	Office building	Maintenance and repair projects at labour centres	First delivery stage	13.1	4.0	4.0	0.1	1.1	1.2	0.3	–

Table 15.F Summary of expenditure on infrastructure (continued)

	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million											
Repair and maintenance programme: Sheltered employment factories and other labour centres	Factories and office buildings	First follow on repair and maintenance contract to repair and maintain buildings / Maintenance and repair projects at labour centres	Construction/maintenance	154.6	22.2	30.7	25.6	28.8	7.0	6.2	5.0
Security upgrading	Perimeter fencing-wall and control room	Perimeter fencing replaced and premises secured with high tech surveillance system	Project registered, architects, engineers and quantity surveyors	7.0	—	—	—	—	7.0	—	—
<b>Total</b>				<b>363.0</b>	<b>37.2</b>	<b>69.3</b>	<b>38.8</b>	<b>46.1</b>	<b>46.4</b>	<b>14.9</b>	<b>12.4</b>

# Vote 16

## Social Development

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	156.4	152.0	–	4.3	167.6	177.6
Comprehensive Social Security	85 573.2	41.8	85 530.7	0.7	93 777.4	101 351.2
Policy Development, Review and Implementation Support for Welfare Services	329.3	99.5	227.3	2.6	352.7	381.3
Community Development	248.4	57.3	190.2	0.8	263.9	279.2
Strategy and Governance	101.1	98.5	1.3	1.3	110.5	116.7
<b>Total expenditure estimates</b>	<b>86 408.3</b>	<b>449.2</b>	<b>85 949.4</b>	<b>9.8</b>	<b>94 672.1</b>	<b>102 305.9</b>
Executive authority	Minister of Social Development					
Accounting officer	Director-General of Social Development					
Website address	www.dsd.gov.za					

### Aim

*The aim of the Department of Social Development is to provide protection against vulnerability and poverty and ensure the provision of a comprehensive, integrated and sustainable social development service.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Manage and provide support and advisory services to the ministry and department.

#### Programme 2: Comprehensive Social Security

**Purpose:** Develop social protection policy and provide income support to the elderly, children, disabled and other vulnerable groups.

#### Programme 3: Policy Development, Review and Implementation Support for Welfare Services

**Purpose:** Develop, support implementation and oversee integrated social welfare services policy.

#### Programme 4: Community Development

**Purpose:** Develop, support implementation and oversee policy for the practice of community development.

#### Programme 5: Strategy and Governance

**Purpose:** Coordinate strategic management, monitoring and evaluation for the department and the sector, including public entities.



## Strategic overview: 2005/06 – 2011/12

The Department of Social Development continues to give effect to its constitutional mandate by providing leadership in developing, implementing and monitoring social policy and related anti-poverty strategies to respond more effectively to the material and social needs of the poor, vulnerable and marginalised members of society. These objectives are underpinned by a range of legislation and policy documents.

### Strategic and operational priorities

Over the medium term, the department will focus on the following key priorities: tackling poverty; promoting the development of youth and social cohesion; strengthening links between civil society and communities; improving governance and institutional development; and promoting regional and international solidarity and support.

### Key activities

#### *Extending social assistance*

While current social assistance policies provide for children in poor households, the disabled and the elderly, further efforts are required to address vulnerability in other groups such as the youth, caregivers and the unemployed.

To ensure the sustainability of the social assistance system, the department intends to develop policy proposals that will foster greater responsibility and self-reliance, and link social safety net benefits to training and employment.

#### *Access to nutritious food*

Current high inflation means that the poor are less able to access adequate, nutritious food. To mitigate the impact of this, the department is participating in the integrated food security and nutrition task team led by the Department of Agriculture. The community food bank concept, as a mechanism to improve access to adequate and nutritious food, is being explored.

#### *Social cooperatives*

The main objective of social cooperatives is to create employment for disadvantaged and vulnerable groups through the provision of social services. A 2008 report on building sustainable livelihoods concluded that, apart from early childhood development and home community based care, there are other gaps in social service delivery that could be used to pilot social cooperatives. Examples are waste removal and the provision of water, mainly in rural areas. The department is currently developing a concept document and guidelines for establishing and managing social cooperatives.

#### *Quality developmental welfare services*

Meeting the ongoing need to provide quality developmental social welfare services will be further addressed through skills development and the development of policies, norms and standards, and appropriate processes and systems to support service delivery.

#### *Key legislative developments*

The department aims to develop and finalise the following legislation over the medium term: the Prevention of and Treatment for Substance Abuse Bill; the Social Service Professions Act (1978); the Nonprofit Organisations Act (1997); the Social Assistance Amendment Bill; and new legislation for the social and disaster relief disbursements and services provided by the department.

*Improving working conditions*

The department will continue to implement programmes and strategies to improve the working conditions of social service professionals and professionalise community development practice and youth work. This will ensure that these two categories of professionals are guided by specific codes of conduct.

*Community development practitioners*

Standardising the education and training of community development practitioners is at an advanced stage. This will lead to the registration of community development unit standards and qualifications at national qualifications framework levels 4 to 6. Guidelines for community development practice will also be developed in 2009/10 to guide practitioners and ensure improved and efficient service delivery.

*Social security*

Since its election to the Bureau of the International Social Security Association, the department has taken up significant responsibilities in the arena of international social security policy development. The department's representatives fill the deputy chair positions of two of the bureau's subcommittees. The department will coordinate the activities of the Southern African regional office until 2010, when South Africa will host the association's 29<sup>th</sup> general assembly meeting and the second World Social Security Forum. The department has also identified the need to undertake benchmark social security policy research in Africa rather than Latin America, an initiative aimed at developing African based research.

In line with the social security service delivery model, the Independent Tribunal for Social Assistance Appeals is being established as a specialised quasi judicial business enterprise. Its main function will be to provide appeals services to social assistance grant applicants who would like to appeal against a decision by the South African Social Security Agency. The backlog of cases dates from 2004. Most have been inherited from the provinces following the transfer of the social assistance function. Urgent interventions are required, as well as medium to long term solutions.

## Selected performance and operations indicators

**Table 16.1 Social Development**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of old age grant beneficiaries	Comprehensive Social Security	2.1 million	2.2 million	2.2 million	2.3 million	2.5 million	2.6 million	2.7 million
Total number of war veterans grant beneficiaries	Comprehensive Social Security	3 343	2 832	2 340	1 649	1 386	1 164	977
Total number of disability grant beneficiaries	Comprehensive Social Security	1.3 million	1.4 million	1.4 million	1.4 million	1.4 million	1.4 million	1.4 million
Total number of child support grant beneficiaries	Comprehensive Social Security	7 million	7.9 million	8.2 million	9.1 million	9.7 million	9.9 million	10.1 million
Total number of foster care grant beneficiaries	Comprehensive Social Security	312 614	400 503	443 191	487 510	536 260	589 886	648 873
Total number of care dependency grant beneficiaries	Comprehensive Social Security	88 889	94 263	98 631	105 909	110 145	114 552	119 133
Total number of registered early childhood development sites captured on the national database	Policy Development, Review and Implementation Support for Welfare Services	–	8 000	9 726	10 755	16 276	23 639	26 000
Total number of social work scholarships awarded	Community Development	–	–	983	2 900	5 250	5 625	6 125

## Expenditure estimates

Table 16.2 Social Development

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	103.1	109.1	139.1	156.2	154.6	156.4	167.6	177.6
2. Comprehensive Social Security	54 703.6	61 279.5	66 661.5	75 846.7	75 694.4	85 573.2	93 777.4	101 351.2
3. Policy Development, Review and Implementation Support for Welfare Services	38.5	45.8	110.0	211.2	206.6	329.3	352.7	381.3
4. Community Development	189.6	201.9	208.0	237.8	235.3	248.4	263.9	279.2
5. Strategy and Governance	33.1	39.9	72.9	102.2	102.2	101.1	110.5	116.7
<b>Total</b>	<b>55 067.8</b>	<b>61 676.1</b>	<b>67 191.4</b>	<b>76 554.2</b>	<b>76 393.2</b>	<b>86 408.3</b>	<b>94 672.1</b>	<b>102 305.9</b>
Change to 2008 Budget estimate				546.2	385.2	2 515.8	4 221.9	6 437.7

### Economic classification

<b>Current payments</b>	<b>220.2</b>	<b>252.2</b>	<b>321.4</b>	<b>431.6</b>	<b>420.6</b>	<b>449.2</b>	<b>485.0</b>	<b>514.3</b>
Compensation of employees	93.2	111.1	133.6	192.5	181.5	220.0	231.2	245.0
Goods and services	126.8	140.7	187.5	239.1	239.1	229.2	253.8	269.3
<i>of which:</i>								
Administrative fees	1.7	2.3	2.7	4.5	4.5	4.5	7.0	7.7
Advertising	7.1	10.2	10.7	9.6	9.6	10.0	10.5	11.1
Assets less than R5 000	2.6	1.0	2.4	3.1	3.1	3.3	3.5	3.6
Audit costs: External	2.8	2.8	12.4	14.2	14.2	15.6	16.3	17.2
Bursaries (employees)	0.6	0.4	0.5	0.7	0.7	0.8	0.8	0.8
Catering: Departmental activities	2.1	1.7	1.6	4.6	4.6	4.8	5.0	5.3
Communication	5.2	5.1	5.4	6.3	6.3	6.6	6.9	7.3
Computer services	6.3	3.6	8.2	15.8	15.8	12.3	16.5	17.9
Consultants and professional services: Business and advisory services	28.3	9.1	31.4	84.3	84.3	71.5	80.3	85.4
Consultants and professional services: Legal costs	1.7	0.7	1.4	0.5	0.5	0.6	0.6	0.6
Contractors	5.4	5.1	7.2	1.5	1.5	1.6	1.7	1.7
Agency and support / outsourced services	10.0	22.9	24.9	6.9	6.9	10.9	12.7	14.0
Entertainment	1.5	0.3	0.3	0.8	0.8	0.8	0.8	0.9
Inventory: Materials and supplies	1.3	0.1	0.2	0.3	0.3	0.2	0.3	0.3
Inventory: Other consumables	1.4	0.5	0.7	0.1	0.1	0.1	0.1	0.1
Inventory: Stationery and printing	6.4	6.6	5.2	11.8	11.8	12.4	13.0	13.7
Lease payments	3.0	9.6	11.1	14.8	14.8	10.7	11.8	12.5
Owned and leasehold property expenditure	0.3	0.1	0.9	–	–	–	–	–
Travel and subsistence	27.2	37.6	38.2	41.5	41.5	44.1	46.4	48.9
Training and development	1.4	7.2	2.9	6.4	6.4	6.7	7.1	7.4
Operating expenditure	3.8	5.4	7.6	0.5	0.5	0.3	0.3	0.3
Venues and facilities	6.7	8.2	11.5	11.0	11.0	11.5	12.1	12.7
Financial transactions in assets and liabilities	0.2	0.5	0.3	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>54 843.9</b>	<b>61 420.2</b>	<b>66 862.3</b>	<b>76 113.9</b>	<b>75 963.9</b>	<b>85 949.4</b>	<b>94 177.3</b>	<b>101 781.1</b>
Provinces and municipalities	0.3	0.1	–	–	–	–	–	–
Departmental agencies and accounts	3 714.8	4 315.8	4 322.3	4 878.5	4 878.5	5 489.2	5 968.4	6 457.4
Universities and technikons	–	4.8	0.5	–	–	–	–	–
Foreign governments and international organisations	0.2	1.0	0.5	1.9	1.9	1.9	2.0	2.1
Non-profit institutions	41.8	48.5	52.2	57.7	57.7	63.0	65.6	69.4
Households	51 086.7	57 050.1	62 486.9	71 175.8	71 025.8	80 395.3	88 141.2	95 252.2
<b>Payments for capital assets</b>	<b>3.7</b>	<b>3.7</b>	<b>7.7</b>	<b>8.7</b>	<b>8.7</b>	<b>9.8</b>	<b>9.8</b>	<b>10.5</b>
Machinery and equipment	3.6	3.7	7.7	7.9	7.9	9.2	9.3	10.0
Software and other intangible assets	0.2	0.0	–	0.8	0.8	0.6	0.5	0.6
<b>Total</b>	<b>55 067.8</b>	<b>61 676.1</b>	<b>67 191.4</b>	<b>76 554.2</b>	<b>76 393.2</b>	<b>86 408.3</b>	<b>94 672.1</b>	<b>102 305.9</b>

## Expenditure trends

Total expenditure grew from R55.1 billion in 2005/06 to R76.6 billion in 2008/09, at an average annual rate of 11.6 per cent, and is expected to increase to R102.3 billion in 2011/12, at an average annual rate of 10.1 per cent. The provision for social assistance constitutes the largest portion of the department's budget, approximately 93 per cent (R80.4 billion) in 2009/10. Other large transfers in 2009/10 include R5.1 billion to the South African Social Security Agency for grant administration, R144.8 million to the National Development Agency, R210 million for social work bursaries and R41 million to loveLife. Total transfers in 2009/10 amount to 99.5 per cent of the department's budget, leaving an operational budget of around R458 million in 2009/10, growing to R524.8 million in 2011/12 at an average annual rate of 7 per cent over the MTEF period.

Expenditure on compensation of employees is expected to increase from R192.5 million in 2008/09 to R245 million in 2011/12 at an average annual rate of 8.4 per cent. The department intends to fill all currently funded vacancies during 2009/10, with a view to consolidating functions and reviewing current business processes as part of a comprehensive human capital strategy for the national and provincial departments. This strategy will inform future changes to the organisational structure of the department.

Additional allocations over the MTEF period include:

- R10 million per year to establish an appeals tribunal in terms of the South African Social Security Agency Act (2004) and the Social Assistance Act (2004)
- R2.3 billion in 2009/10, R3.8 billion in 2010/11 and R5.9 billion in 2011/12 for inflation adjustments to the social assistance grants, the age equalisation of the old age pension, and revisions to the means tests
- R6.8 million in 2009/10, R7.1 million in 2010/11 and R7.4 million in 2011/12 for the shortfall in compensation of employees for salary increases following the 2007 Public Service Coordinating Bargaining Council resolution
- R255.3 million in 2009/10, R388 million in 2010/11 and R319.1 million in 2011/12 to the South African Social Security Agency to augment the handling fees budget, implement an anti-fraud strategy, and for salary increases following the 2007 resolution.

## Savings and reprioritisation

Efficiency savings of R212.4 million have been identified over the MTEF period under the following items: R56.7 million in goods and services and R155.7 million in transfers to public entities.

The department is currently reviewing its operational systems to facilitate improved service delivery and operations and to accommodate the decrease in the baseline allocations for the department's operations over the MTEF period. This includes streamlining its business processes to reduce costs related to travelling, hosting meetings and workshops, and outsourced professional services.

## Departmental receipts

As a policy making department, the Department of Social Development does not generate income. The major revenue item relates to interest earned on social assistance transfer funds deposited into the bank accounts of cash payment contractors before they are disbursed to beneficiaries. Other departmental receipts include interest on debt, cancellation of uncashed cheques, parking fees for senior managers, recoveries of private telephone expenses, and breach of study contracts.

The major once-off revenue item of R865 million in 2006/07 was made up of interest earned on social assistance transfers and unspent conditional grant funding on social assistance transfers to provinces.

Table 16.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>304</b>	<b>865 273</b>	<b>236 957</b>	<b>2 394</b>	<b>116</b>	<b>163</b>	<b>173</b>	<b>185</b>
Sales of goods and services produced by department	63	82	84	92	77	28	30	35
Interest, dividends and rent on land	45	22 622	9 821	2 210	10	30	32	35
Sales of capital assets	181	—	—	—	—	—	—	—
Financial transactions in assets and liabilities	15	842 569	227 052	92	29	105	111	115
<b>Total</b>	<b>304</b>	<b>865 273</b>	<b>236 957</b>	<b>2 394</b>	<b>116</b>	<b>163</b>	<b>173</b>	<b>185</b>

## Programme 1: Administration

### Expenditure estimates

Table 16.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	1.4	1.1	1.2	1.0	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	1.4	0.9	0.9	0.8	1.4	1.5	1.6
Management	6.1	6.7	6.6	5.4	6.4	6.7	7.4
Corporate Services	86.2	92.2	121.5	138.7	135.0	145.2	152.8
Property Management	8.1	8.2	8.9	10.1	11.2	12.3	13.1
Government Motor Transport	—	—	—	0.1	0.7	0.0	0.8
<b>Total</b>	<b>103.1</b>	<b>109.1</b>	<b>139.1</b>	<b>156.2</b>	<b>156.4</b>	<b>167.6</b>	<b>177.6</b>
Change to 2008 Budget estimate				7.0	(2.4)	(3.3)	(1.7)

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

#### Economic classification

<b>Current payments</b>	<b>101.4</b>	<b>107.1</b>	<b>136.0</b>	<b>153.2</b>	<b>152.0</b>	<b>163.5</b>	<b>173.1</b>
Compensation of employees	40.6	52.8	58.8	71.1	82.3	86.9	92.1
Goods and services	60.7	54.0	77.0	82.1	69.7	76.6	81.0
of which:							
Administrative fees	0.3	0.8	1.1	0.6	0.6	0.6	0.7
Advertising	1.5	1.4	1.1	1.6	1.7	1.8	1.9
Assets less than R5 000	1.4	0.1	1.4	1.6	1.7	1.7	1.8
Audit costs: External	2.8	2.8	12.4	14.2	15.6	16.3	17.2
Bursaries (employees)	0.4	0.4	0.5	0.6	0.6	0.6	0.7
Catering: Departmental activities	0.9	0.3	0.3	0.7	0.7	0.8	0.8
Communication	4.9	4.4	5.0	4.9	5.2	5.4	5.7
Computer services	5.4	2.3	3.6	9.2	5.4	9.3	10.3
Consultants and professional services:	8.1	—	7.2	11.9	6.2	5.7	5.8
Business and advisory services							
Consultants and professional services:	1.4	0.0	—	0.1	0.1	0.1	0.1
Legal costs							
Contractors	2.5	3.0	2.5	0.5	0.5	0.5	0.5
Agency and support / outsourced services	5.0	6.2	6.4	1.0	1.1	1.1	1.2
Entertainment	1.2	0.1	0.2	0.7	0.7	0.8	0.8
Inventory: Materials and supplies	1.2	0.1	0.2	0.7	0.1	0.1	0.1
Inventory: Other consumables	1.4	0.5	0.6	—	—	—	—
Inventory: Stationery and printing	2.9	2.1	1.3	3.0	3.1	3.3	3.4
Lease payments	1.1	9.4	9.6	14.5	10.4	11.4	12.1
Travel and subsistence	12.6	15.6	15.6	11.8	11.5	12.2	12.9
Training and development	0.7	1.1	1.2	2.5	2.6	2.7	2.9
Operating expenditure	2.3	1.9	4.3	0.4	0.1	0.1	0.1
Venues and facilities	2.3	1.2	2.1	1.7	1.8	1.9	2.0
Financial transactions in assets and liabilities	0.2	0.4	0.2	—	—	—	—

Table 16.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	0.0	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>1.6</b>	<b>1.9</b>	<b>3.1</b>	<b>3.0</b>	<b>4.3</b>	<b>4.1</b>	<b>4.5</b>
Machinery and equipment	1.5	1.9	3.1	2.6	4.0	3.7	4.1
Software and other intangible assets	0.1	–	–	0.4	0.4	0.4	0.4
<b>Total</b>	<b>103.1</b>	<b>109.1</b>	<b>139.1</b>	<b>156.2</b>	<b>156.4</b>	<b>167.6</b>	<b>177.6</b>

## Expenditure trends

Expenditure grew at an average annual rate of 14.8 per cent between 2005/06 and 2008/09 and is projected to increase at an average annual rate of 4.4 per cent between 2008/09 and 2011/12. Expenditure covers, among others: the progressive improvement of the department's management and operational capacity; the increased demand for litigation management and administration in line with the Social Assistance Act (2004); and the devolution of accommodation funds from the Department of Public Works from 2009/10 (R11.2 million in 2009/10, R12.3 million in 2010/11, and R13.1 million in 2011/12).

## Programme 2: Comprehensive Social Security

- *Administration*.
- *Social Assistance* provides for developing and reviewing social assistance policies and legislation. Funding is based on the operational requirements of the subprogramme and research planned over the MTEF period.
- *Social Insurance* provides for developing policies and legislation for contributory income support related to employment based risks and other contingencies. Funding is based on the operational requirements of the subprogramme and research planned over the MTEF period.
- *Policy Implementation Support* supports the establishment of institutional arrangements and service delivery. Funding is based on the operational requirements of the subprogramme.
- *Social Assistance Transfers* provides for social assistance transfers to households. Funding is based on the projected number of social grant beneficiaries.
- *SASSA* provides for the transfer payment to the South African Social Security Agency for the operational costs of the agency. Funding is based on the projected number of social grant beneficiaries and the agency's operational requirements.
- *SASSA MIS* provides for the transfer payment to the agency for the establishment of a management information system. Funding is earmarked for establishing the registry and archiving management information system.
- *International Social Security* contributes to regional and international social security policy developments. Funding is based on the operational requirements of the unit and membership fees to international organisations.

## Objectives and measures

- Reduce poverty and vulnerability by diminishing people's exposure to risk and increasing their capacity to protect themselves against life cycle hazards and shocks that threaten their livelihood by:
- providing social assistance to all eligible beneficiaries over the MTEF period
  - introducing a new legislative framework for social and disaster relief in 2009
  - determining the extent of vulnerability among youth, caregivers of social assistance beneficiaries, and unemployed adults, and developing options for addressing this by 2011
  - developing options for a mandatory system of retirement provision by 2009.



## Service delivery and spending focus

The *Social Assistance* subprogramme developed a comprehensive micro simulation model to simulate and cost social security policy options, which should improve budgeting and planning for social assistance spending in the future.

**Table 16.5**

Social grants beneficiary numbers by type of grant				Projections				Percentage average annual growth
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	
<b>Type of grant</b>								
Old age	2 144 117	2 195 018	2 218 993	2 324 615	2 498 312	2 643 822	2 678 191	3.8 %
War veterans	2 832	2 340	1 963	1 649	1 386	1 164	977	-16.3%
Disability	1 319 536	1 422 808	1 413 263	1 404 884	1 373 673	1 359 531	1 386 722	0.8%
Foster care	312 614	400 503	443 191	487 510	536 260	589 886	648 873	12.9%
Care dependency	94 263	98 631	101 836	105 909	110 145	114 552	119 133	4.0%
Child support	7 044 901	7 863 841	8 195 524	9 061 711	9 701 032	9 895 053	10 092 955	6.2%
<b>Total</b>	<b>10 918 263</b>	<b>11 983 141</b>	<b>11 983 141</b>	<b>13 386 278</b>	<b>14 220 808</b>	<b>14 604 008</b>	<b>14 926 851</b>	<b>5.4%</b>
<b>Social grants expenditure by type of grant</b>								
R million								
Old age	19 470	21 222	22 801	25 992	28 500	29 902	31 067	8.1%
War veterans	28	25	22	20	17	15	13	-12%
Disability	14 099	14 261	15 280	16 600	17 218	18 209	19 158	5.2%
Foster care	1 996	2 851	3 414	3 943	4 701	5 557	6 473	21.7%
Care dependency	916	1 006	1 132	1 322	1 521	1 592	1 655	10.4%
Child support	14 111	17 559	19 625	22 537	28 158	32 568	36 568	17.2%
Grant in aid	57	67	87	123	130	137	145	16.8%
Relief of distress	32	41	106	624	135	146	158	30.5%
<b>Total</b>	<b>50 709</b>	<b>57 032</b>	<b>62 467</b>	<b>71 161</b>	<b>80 380</b>	<b>88 126</b>	<b>95 237</b>	<b>11.1%</b>

Source: Intergovernmental Fiscal Review, Socpen, National Department of Social Development

Beneficiary numbers are expected to increase from 13.4 million in 2008/09 to about 15 million by 2011/12. These increases are mainly due to recent changes to the Social Assistance Act (2004) and regulations, which make the old age grant available to men from the age of 60 (progressively over the MTEF period), extend the child support grant to 14 year olds, and adjust the means test thresholds for most of the grants.

By September 2007, feasibility studies had been conducted and policy proposals relating to retirement reform submitted. A concept document was developed on linking social assistance to employment. The international social security liaison office was launched to support regional social security initiatives, and the department hosted the first conference on African regional social security.

## Expenditure estimates

**Table 16.6 Comprehensive Social Security**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Social Assistance	55.3	37.9	30.6	29.6	31.9	33.1	34.2
Social Insurance	–	6.5	3.8	13.9	14.1	16.1	18.5
Policy Implementation Support	6.3	1.0	1.6	3.9	3.6	3.8	3.9
Social Assistance Transfers	51 039.7	57 031.8	62 471.9	71 160.8	80 380.3	88 126.2	95 237.2
SASSA	3 593.4	4 136.6	4 072.7	4 610.3	5 114.4	5 569.0	6 027.7
SASSA MIS	–	55.8	70.0	20.0	20.0	20.0	20.0
International Social Security	0.0	0.4	–	0.8	0.9	1.0	1.1
Administration	9.0	9.5	10.8	7.4	7.9	8.3	8.8
<b>Total</b>	<b>54 703.6</b>	<b>61 279.5</b>	<b>66 661.5</b>	<b>75 846.7</b>	<b>85 573.2</b>	<b>93 777.4</b>	<b>101 351.2</b>
Change to 2008 Budget estimate				528.3	2 514.7	4 218.3	6 419.0



Table 16.6 Comprehensive Social Security (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>23.0</b>	<b>36.1</b>	<b>31.4</b>	<b>39.2</b>	<b>41.8</b>	<b>45.6</b>	<b>49.5</b>
Compensation of employees	7.7	9.0	10.0	16.1	17.6	18.4	19.5
Goods and services	15.3	27.1	21.3	23.1	24.2	27.1	30.0
of which:							
Administrative fees	0.4	0.5	0.2	0.1	0.5	0.7	0.9
Advertising	0.1	3.7	2.9	0.1	0.1	0.1	0.1
Assets less than R5 000	0.2	0.1	0.1	1.0	1.1	1.1	1.2
Catering: Departmental activities	0.1	0.0	0.2	0.6	0.6	0.7	0.7
Computer services	0.8	1.3	0.5	–	–	–	–
Consultants and professional services: Business and advisory services	6.5	2.3	7.4	15.9	16.2	18.4	20.7
Consultants and professional services: Legal costs	0.0	0.0	0.5	–	–	–	–
Contractors	1.4	0.1	0.3	0.0	0.0	0.0	0.0
Agency and support / outsourced services	2.8	10.1	2.5	–	–	–	–
Inventory: Stationery and printing	0.4	0.5	0.5	0.5	0.5	0.5	0.5
Owned and leasehold property expenditure	0.0	–	0.4	–	–	–	–
Travel and subsistence	1.2	2.4	2.9	3.3	3.5	3.7	3.9
Training and development	0.2	5.1	0.5	0.5	0.5	0.5	0.6
Operating expenditure	0.0	0.2	0.4	0.1	0.1	0.1	0.1
Venues and facilities	0.9	0.5	1.9	0.7	0.8	0.8	0.8
Financial transactions in assets and liabilities	0.0	0.0	0.1	–	–	–	–
<b>Transfers and subsidies</b>	<b>54 680.1</b>	<b>61 243.3</b>	<b>66 629.6</b>	<b>75 806.9</b>	<b>85 530.7</b>	<b>93 731.1</b>	<b>101 300.9</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	3 593.4	4 192.4	4 142.7	4 630.3	5 134.4	5 589.0	6 047.7
Foreign governments and international organisations	–	0.8	–	0.8	0.9	1.0	1.1
Households	51 086.7	57 050.1	62 486.9	71 175.8	80 395.3	88 141.2	95 252.2
<b>Payments for capital assets</b>	<b>0.5</b>	<b>0.1</b>	<b>0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>	<b>0.8</b>
Machinery and equipment	0.5	0.1	0.5	0.6	0.7	0.7	0.7
Software and other intangible assets	–	–	–	0.1	0.0	0.0	0.0
<b>Total</b>	<b>54 703.6</b>	<b>61 279.5</b>	<b>66 661.5</b>	<b>75 846.7</b>	<b>85 573.2</b>	<b>93 777.4</b>	<b>101 351.2</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>3 593.4</b>	<b>4 192.4</b>	<b>4 142.7</b>	<b>4 630.3</b>	<b>5 134.4</b>	<b>5 589.0</b>	<b>6 047.7</b>
South African Social Security Agency (SASSA)	3 593.4	4 136.6	4 072.7	4 610.3	5 114.4	5 569.0	6 027.7
South African Social Security Agency (MIS)	–	55.8	70.0	20.0	20.0	20.0	20.0
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>–</b>	<b>0.8</b>	<b>–</b>	<b>0.8</b>	<b>0.9</b>	<b>1.0</b>	<b>1.1</b>
International Social Security Association	–	0.8	–	0.8	0.9	1.0	1.1
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>51 039.7</b>	<b>57 037.1</b>	<b>62 471.9</b>	<b>71 160.8</b>	<b>80 380.3</b>	<b>88 126.2</b>	<b>95 237.2</b>
Social assistance transfers	51 039.7	57 037.1	62 471.9	71 160.8	80 380.3	88 126.2	95 237.2
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>47.0</b>	<b>13.0</b>	<b>14.9</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>
Disaster relief fund	42.0	10.0	10.0	–	–	–	–
Social relief fund	5.0	3.0	4.9	15.0	15.0	15.0	15.0

## Expenditure trends

Social assistance transfers increased from R51 billion in 2005/06 to R71.2 billion in 2008/09. This growth catered for normal inflationary increases and in-year adjustment to grants due to high food prices. Spending on

the old age grant grew from R19.5 billion in 2005/06 to R26.4 billion in 2008/09, representing an increase of R6.9 billion. Spending on the old age grants constitutes the largest portion of the budget in 2008/9 (R26.4 billion), followed closely by the child support grant at R21.6 billion and the disability grant at R17.7 billion.

Overall, spending on social assistance grants is projected to grow by an average annual 10.2 per cent over the MTEF period to reach R95.2 billion in 2011/12. This is mainly due to inflation adjustments, the extension of the child support grant to the qualifying age of 15, the equalisation of the old age pension for men, and adjustments to the means tests for all grants. An additional R12 billion is allocated over the MTEF period to cater for these interventions.

The budget of the South African Social Security Agency increases by an average annual 9.3 per cent over the MTEF period to cater for the operationalisation of the institution and the increase in delivery costs due to an increase in the number of eligible beneficiaries.

## **Public entities**

### **South African Social Security Agency**

#### **Strategic overview: 2005/06 – 2011/12**

The South African Social Security Agency derives its mandate from the South African Social Security Agency Act (2004), which is to administer and pay social assistance grants to eligible beneficiaries.

The agency identified the following key priorities over the medium term:

- continuation of institutional reforms, which includes projects related to the restructuring of the organisation to produce a more streamlined and efficient entity
- reforms and improvements to benefit grants administration and payment services by introducing new policy and regulatory initiatives and revised financial and administrative processes
- fraud prevention and detection
- implementation of social assistance legislation and policy, with particular emphasis on the disability management initiatives.

The South African Social Security Agency provides administration and management services for grants, from application to payment, and is systematically moving towards expanding its services to include referral services to other social welfare institutions. Over the medium term, the agency will aim to improve social grants service delivery and administrative stability, while at the same time promoting and implementing social security reforms, as directed by the minister and the interministerial committee on social security reform. The agency will thus focus on increasing access to social grants, improving social grants administration and payments, and implementing improved systems for applying the different means tests for the different social grants.

The existing structural and operational challenges relating to the current cash payment system of social grants will be reviewed, with the aim of developing a more cost effective service through partnerships with other government institutions such as the South African Post Office, and private parties such as banks and private payment service providers.

The improved grant application process project has been initiated and is set to resolve challenges related to processing grant applications across the agency's regions. The project aims to improve service delivery by streamlining the current process to ensure that all application processes across the regions are standardised.

The integrated community registration outreach programme, aimed at promoting accessibility to grants by eligible beneficiaries in remote areas, has been initiated. Since its launch in May 2007, about 112 000 beneficiaries, mainly from rural communities, have been able to access services through its mobile units.

Further improvements are planned, which will include the rollout of a registry and archiving management information system across all provinces. This will improve controls, as demonstrated in Eastern Cape, which has achieved significant improvements in its audit reports.

### Selected performance and operations indicators

**Table 16.7 South African Social Security Agency**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Average cost of administering social assistance (R/beneficiary)	R25.37	R29.16	R27.84	R29.40	R28.37	R27.48	R26.87
Average cost of manual payment of grants (R/beneficiary)	R16.27	R14.01	R14.71	R21.04	R23.08	R26.99	R31.20
Ratio of administration costs to social assistance disbursements	0.066:1	0.067:1	0.073:1	0.063:1	0.062:1	0.060:1	0.060:1
Percentage of beneficiaries receiving payments through the banking system	14.45% (1 158 083)	16.67% (1 437 433)	20.02% (1 777 429)	21.63% (2 101 915)	22.48% (2 687 260)	28.9% (3 455 755)	33.81% (4 418 119)

### Service delivery and spending focus

In collaboration with the Department of Justice's special investigating unit, the agency was able to investigate and prosecute 4 020 public servants and other fraudulent beneficiaries of grants. About 9 391 people signed acknowledgment of debt valued at R50.8 million. Launched in 2005, the indemnity project ran concurrently with the special investigating unit project and was completed in the agency's eight regions.

Significant progress has been made with the management information system project, which started at the end of 2005/06. Beneficiary files are currently stored at the regional offices, but the department is working towards having a central warehouse in each region. To date, bulk volume capturing has been implemented in all eight regions except Western Cape, where scoping has been completed and implementation is scheduled to start.

The agency has successfully incorporated the operations of all nine regions. Its focus over the medium term will be to realign and standardise the business processes inherited from regions and rationalise its human resources to become more efficient and cost effective. Key to this initiative will be a review of how grants are currently paid, with a focus on using more affordable payment options. There will be significant cost reductions and these savings will be used to improve service delivery.

The overall integrity and improvement of the social grants administration has been identified as a priority to improve service delivery and mitigate fiscal risks in the social assistance system. This includes expanding and improving access to beneficiaries through building new sites and upgrading existing ones, and expanding the mobile services to rural areas.

The agency has also developed and approved a fraud prevention policy. Additional allocations for Project Dossier, an upgrade of existing information systems, will allow for linkages with other government databases.

### Expenditure estimates

**Table 16.8 South African Social Security Agency: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Non-tax revenue</b>	–	1.3	6.7	6.6	7.6	7.7	7.9
Sale of goods and services other than capital assets	–	1.1	1.7	1.4	2.1	2.2	2.3
Admin fees	–	1.1	1.7	1.4	2.1	2.2	2.3
Other non-tax revenue	–	0.2	4.9	5.3	5.4	5.5	5.7
<b>Transfers received</b>	3 323.7	4 192.4	4 142.7	4 630.3	5 134.4	5 589.0	6 047.7
Social assistance administration	3 323.7	4 136.6	4 072.7	4 610.3	5 114.4	5 569.0	6 027.7
Management information system	–	55.8	70.0	20.0	20.0	20.0	20.0
<b>Total revenue</b>	3 323.7	4 193.6	4 149.4	4 636.9	5 142.0	5 596.7	6 055.6

**Table 16.8 South African Social Security Agency: Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Current expense</b>	<b>3 090.8</b>	<b>3 655.6</b>	<b>4 440.7</b>	<b>4 492.3</b>	<b>4 845.3</b>	<b>5 362.2</b>	<b>5 808.1</b>
Compensation of employees	570.7	710.7	1 079.7	1 355.6	1 407.8	1 595.5	1 708.7
Goods and services	2 520.1	2 944.9	3 361.0	3 136.6	3 437.5	3 766.7	4 099.4
<i>of which:</i>							
Payment contractors	2 131.3	2 015.1	2 189.9	2 486.0	2 687.5	2 956.2	3 133.5
Consultants, contractors and special services	170.0	175.4	183.1	148.8	101.0	107.0	113.5
Travel and subsistence	57.0	80.8	109.0	111.3	61.9	67.7	70.8
Other	161.8	673.6	878.9	390.6	587.1	635.7	781.6
<b>Transfers and subsidies</b>	<b>0.6</b>	<b>1.4</b>	<b>1.3</b>	<b>9.7</b>	<b>15.8</b>	<b>17.0</b>	<b>18.1</b>
Provinces and municipalities	0.6	0.5	0.1	0.0	–	–	–
Other government agencies	–	–	–	8.0	15.1	16.2	17.3
Households	–	0.9	1.2	1.6	0.7	0.8	0.8
<b>Payments for capital assets</b>	<b>232.2</b>	<b>162.2</b>	<b>108.9</b>	<b>135.0</b>	<b>280.9</b>	<b>217.5</b>	<b>229.3</b>
Buildings and other fixed structures	145.1	100.1	–	–	–	–	–
Machinery and equipment	87.2	57.1	107.8	80.7	222.2	155.6	164.0
Software and other intangible assets	–	5.0	1.0	54.3	58.7	61.9	65.3
<b>Total expense</b>	<b>3 323.7</b>	<b>3 819.2</b>	<b>4 550.9</b>	<b>4 636.9</b>	<b>5 142.0</b>	<b>5 596.7</b>	<b>6 055.6</b>
<b>Surplus / (deficit)</b>	<b>–</b>	<b>374.5</b>	<b>(401.5)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

### Expenditure trends

The agency's budget allocation for 2007/08 was R4.1 billion and approval was obtained to retain an accumulated surplus of R374.5 million for claims against the agency and outstanding commitments. The agency overspent by R26 million, resulting in total expenditure of R4.6 billion.

R4.6 billion is allocated to the 2008/09 administration budget, an increase of 11.8 per cent on the 2007/08 main appropriation, excluding the surplus from the previous year. The payment to the cash payment contractors accounts for approximately 53 per cent of the administration budget, followed by compensation of employees at approximately 29 per cent, and 18 per cent for other operational expenditure.

Over the medium term, the administration budget increases by 11 per cent from R4.6 billion in 2008/09 to R5.1 billion in 2009/10. It grows by a further 9.8 per cent to R5.6 billion in 2010/11, and 7.1 per cent to R6 billion in 2011/12.

## Programme 3: Policy Development, Review and Implementation Support for Welfare Services

- *Administration.*
- *Service Standards* coordinates overarching policies, legislation and norms and standards for social welfare services delivered by both government and the non-government sector.
- *Substance Abuse and Central Drug Authority* develops, supports and monitors the implementation of policies, legislation and norms and standards for substance abuse.
- *Older Persons* develops, supports and monitors the implementation of policies, legislation and norms and standards for social welfare services to older people.
- *People with Disabilities* develops, supports and monitors the implementation of policies, legislation and norms and standards for social welfare services to people with disabilities.
- *Children* develops, supports and monitors the implementation of policies, legislation and norms and standards for social welfare services to children.
- *Families* develops, supports and monitors the implementation of policies, legislation and programmes to strengthen families.

- *Victim Empowerment* develops, supports and monitors the implementation of policies, legislation and programmes to empower victims of crime and violence.
- *Social Crime Prevention* develops, supports and monitors the implementation of policies, legislation and programmes to protect, empower and support child, youth and adult offenders in the criminal justice system.
- *Service Provider Support and Management* provides management and support to national councils and other professional bodies, and administers payments to these institutions.
- *Contributions and Affiliations to Other Bodies* provides for transfers to international federations and organisations.

Funding for all subprogrammes, except the *Contributions and Affiliations to other Bodies* subprogramme, relates to operational requirements. Funding for the *Contributions and Affiliations to other Bodies* subprogramme is based on membership fees.

## Objectives and measures

- Improve welfare service delivery by developing, piloting and implementing norms and standards for delivering social welfare services by 2009/10.
- Reduce substance abuse by developing regulations for substance abuse by 2010/11.
- Transform services to older people by developing service delivery guidelines by 2010/11.
- Protect and promote the rights of people with disabilities by:
  - facilitating the development and implementation of policies, legislation and strategies on disability by 2011/12
  - developing programmes for residential facilities by 2011/12.
- Improve the protection and care of children by facilitating the implementation of the Children's Act (2005) as amended, in 2009/10, through developing policies, strategies and programmes to promote children's rights.
- Empower families by developing an integrated plan for implementing the family policy by 2009/10 and minimum norms and standards by 2010/11.
- Protect people affected by violence and crime by:
  - developing a shelter strategy and an integrated plan for implementing the victim empowerment policy by 2009/10
  - developing guidelines on dealing with human trafficking, rape, domestic violence and violent crimes by 2009/10.
- Strengthen probation services, social crime prevention and integrated child justice services by developing a social crime prevention strategy and diversion accreditation framework by 2009/10.
- Improve welfare service delivery by:
  - providing adequate funding to national bodies over the MTEF period
  - amending the Social Service Professions Bill and finalising the policy on social services by 2009/10.

## Service delivery and spending focus

The business plan for the rollout of phase 2 and 3 of the norms and standards development process has been approved. Provincial visits have been made to introduce the business plan, and programme management structures have been set up to facilitate implementation. Completion is scheduled for 2009/10.

8 681 students were reached through career fairs in 2007/08. 983 bursaries were awarded in 2007/08 and 1 917 in 2008/09. The number of bursaries is expected to increase to over 3 000 in 2009/10, with about 515 graduate placements expected in 2009, depending on results.

In 2008/09, the following activities were conducted: 12 Ke Moja drug abuse awareness ambassadors were appointed; a mini drug master plan was developed and implemented; training workshops on the implementation of the national drug master plan were held in Gauteng, KwaZulu-Natal, Western Cape, Limpopo and Free State; and 200 service providers were reached. The Prevention of and Treatment of Substance Abuse Bill will be finalised in 2009.

To meet the ongoing need for quality welfare services, the department will promote skills development and complete the development of norms and standards in 2009. The department aims to develop and finalise the following legislation over the medium term: the Prevention of and Treatment for Substance Abuse Bill and regulations, and amendments to the Social Service Professions Act (1978) and the Nonprofit Organisations Act (1997).

## Expenditure estimates

**Table 16.9 Policy Development, Review and Implementation Support for Welfare Services**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Service Standards	2.8	5.2	55.7	124.0	226.6	244.2	266.2
Substance Abuse and Central Drug Authority	3.8	5.8	9.5	12.7	13.3	13.6	15.0
Older Persons	3.6	4.7	5.0	5.9	7.3	7.7	8.1
People with Disabilities	1.8	3.3	3.6	4.7	4.9	5.2	5.5
Children	9.5	10.9	13.2	22.7	24.3	26.3	27.7
Families	3.2	3.5	2.6	6.0	6.5	6.8	7.2
Victim Empowerment	3.9	2.2	4.0	5.5	6.0	6.3	6.6
Social Crime Prevention	1.5	1.3	4.2	6.9	7.6	8.0	8.4
Service Provider Support and Management	5.3	6.2	8.7	13.6	22.4	23.7	25.0
Contributions and Affiliations to Other Bodies	0.1	0.0	0.3	0.2	0.2	0.2	0.2
Administration	3.0	2.9	3.2	8.9	10.2	10.8	11.3
<b>Total</b>	<b>38.5</b>	<b>45.8</b>	<b>110.0</b>	<b>211.2</b>	<b>329.3</b>	<b>352.7</b>	<b>381.3</b>
Change to 2008 Budget estimate				4.3	1.1	4.8	(57.0)

### Economic classification

<b>Current payments</b>	<b>32.6</b>	<b>37.6</b>	<b>50.8</b>	<b>86.2</b>	<b>99.5</b>	<b>105.7</b>	<b>112.9</b>
Compensation of employees	16.9	18.3	22.9	41.0	47.0	49.2	52.2
Goods and services	15.7	19.3	27.9	45.2	52.4	56.5	60.7
<i>of which:</i>							
Administrative fees	0.3	0.1	0.2	0.7	1.4	2.2	2.9
Advertising	1.7	1.0	2.1	5.4	5.7	6.0	6.3
Assets less than R5 000	0.6	0.4	0.2	0.1	0.1	0.1	0.1
Catering: Departmental activities	0.7	0.7	0.7	2.3	2.4	2.5	2.6
Communication	0.2	0.5	0.1	0.4	0.5	0.5	0.5
Consultants and professional services: Business and advisory services	–	0.3	4.2	10.9	11.1	11.0	11.7
Consultants and professional services: Legal costs	0.2	0.5	0.7	–	–	–	–
Contractors	0.9	0.9	1.5	0.1	0.1	0.1	0.1
Agency and support / outsourced services	1.6	2.5	3.1	5.9	9.8	11.6	12.9
Inventory: Stationery and printing	1.2	1.7	2.0	5.6	5.9	6.2	6.5
Lease payments	1.7	–	1.3	0.0	0.0	0.0	0.0
Travel and subsistence	4.0	6.0	6.3	9.4	10.7	11.3	11.8
Training and development	0.2	0.3	0.4	1.4	1.4	1.5	1.6
Operating expenditure	0.8	1.5	1.9	–	–	–	–
Venues and facilities	1.6	2.7	3.3	3.0	3.1	3.3	3.5
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>5.5</b>	<b>7.7</b>	<b>58.5</b>	<b>122.4</b>	<b>227.3</b>	<b>244.3</b>	<b>265.4</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	–	–	50.0	111.9	210.0	226.0	246.0
Foreign governments and international organisations	0.1	0.0	0.3	0.4	0.2	0.2	0.2
Non-profit institutions	5.3	7.6	8.2	10.1	17.1	18.1	19.2



**Table 16.9 Policy Development, Review and Implementation Support for Welfare Services (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Payments for capital assets</b>	<b>0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>2.6</b>	<b>2.6</b>	<b>2.8</b>	<b>3.0</b>
Machinery and equipment	0.4	0.6	0.7	2.4	2.5	2.7	2.9
Software and other intangible assets	0.1	–	–	0.2	0.1	0.1	0.1
<b>Total</b>	<b>38.5</b>	<b>45.8</b>	<b>110.0</b>	<b>211.2</b>	<b>329.3</b>	<b>352.7</b>	<b>381.3</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>50.0</b>	<b>111.9</b>	<b>210.0</b>	<b>226.0</b>	<b>246.0</b>
National Student Financial Aid Scheme	–	–	50.0	111.9	210.0	226.0	246.0
<b>Non-profit institutions</b>							
<b>Current</b>	<b>5.3</b>	<b>6.2</b>	<b>7.5</b>	<b>10.0</b>	<b>17.1</b>	<b>18.1</b>	<b>19.2</b>
National Councils	5.3	6.2	7.5	8.5	17.1	18.1	19.2
Association of South African Social Work Educators Institutions	–	–	–	1.5	–	–	–

## Expenditure trends

Expenditure grew from R38.5 million in 2005/06 to R211 million in 2008/09 at an average annual rate of 76.3 per cent, and is expected to increase to R381.3 million in 2011/12 at an average annual rate of 21.8 per cent. The strong growth is mainly due to the introduction and rapid expansion of the social work scholarships in 2007/08 and increased funding for personnel to strengthen capacity and provide leadership on provincial welfare service delivery.

To align the budget and programme structure with the department's strategic objectives, the *HIV and AIDS* subprogramme, previously under this programme, has been moved to the *Community Development* programme.

## Programme 4: Community Development

- *Administration*.
- *Sustainable Livelihoods* develops and provides support for the implementation of programmes, strategies and tools for sustainable livelihoods, and manages service delivery partners.
- *Community Development Policy and Service Standards* develops and facilitates the implementation of policies, guidelines, norms and standards to ensure the effective and efficient delivery of community development services.
- *Youth* develops and facilitates the implementation of policies, legislation and programmes to protect vulnerable youth.
- *Non-Profit Organisations* facilitates the implementation of the Nonprofit Organisations Act (1997) and provides programmes and tools for empowering non-profit organisations.
- *HIV and AIDS* develops, supports and monitors the implementation of policies, programmes and guidelines to prevent and mitigate the impact of HIV and AIDS in line with the 2007 to 2011 national strategic plan for HIV and AIDS and sexually transmitted infections. The *HIV and AIDS* subprogramme has been moved to the *Community Development* programme to align the budget and programme structure with the department's strategic objectives.
- *National Development Agency* provides for and oversees the transfer to the National Development Agency.
- *Contributions and Affiliations to Other Bodies* provides for contributions to international federations and organisations.

Funding for the first seven subprogrammes relates to operational requirements. Funding for the *National Development Agency* subprogramme is based on grant funding for community development projects administered by the agency. Funding for the *Contributions and Affiliations to Other Bodies* subprogramme is based on membership fees.



## Objectives and measures

- Protect and empower vulnerable youth by:
  - auditing youth services by March 2010
  - researching the type, dimensions and impact of poverty on vulnerable youth by March 2011
  - overseeing the implementation of the Masupatsela youth pioneer programme, which recruits, trains and absorbs unemployed and out-of-school youth in their local communities, over the MTEF period.
- Strengthen the capacity of practitioners and communities to achieve sustainable livelihoods by:
  - completing and launching the sustainable livelihoods toolkit for community development practitioners by March 2010
  - training 100 community development practitioners to use the sustainable livelihoods toolkit by March 2010.
  - developing implementation guidelines for social cooperatives by March 2012.
- Improve community food security by:
  - developing a concept document on community food banks by March 2010
  - facilitating the establishment of 2 community food banks by March 2011 and 3 by March 2012.
- Improve community development practice by:
  - developing a national community development policy framework by March 2011
  - producing a discussion document on the professionalisation of community development practice by March 2010
  - producing a skills development plan by March 2010.
- Ensure efficiency in the non-profit organisation registration facility by:
  - registering all non-profit organisations within 2 months of receiving applications by March 2010
  - drafting amendments to the Nonprofit Organisations Act (1997) and preparing cost estimates by March 2010
  - developing a reference manual on good governance by March 2011.
- Reduce vulnerability to HIV infection and mitigate the impact by:
  - developing guidelines to promote behaviour change by 2009/10
  - monitoring the implementation of loveLife during 2009/10
  - strengthening the capacity of home community based care organisations and developing systems and processes for monitoring their compliance with norms and standards by 2011/12.

## Service delivery and spending focus

Following extensive consultation with community development stakeholders, a base document on community development, outlining the need for a community development policy framework, was developed in December 2007. The department will continue to coordinate the development of this framework to streamline and integrate community development activities across government departments and civil society.

A scoping exercise of community development unit standards and qualifications at National Qualification Framework levels 4 to 6 was conducted in consultation with the South African Qualifications Authority and the Standards Generating Body. The department aims to improve the community development practice and strengthen the capacity of community development practitioners. This requires standardising community development education and training and professionalising the practice.

6 799 non-profit organisations were registered in terms of the Nonprofit Organisations Act (1997) within 2 months of applications being received, increasing the total number of registered organisations to 54 059. 333 community development practitioners and 43 programme managers in all provinces were trained on non-profit organisation governance and the requirements for registering a non-profit organisation. The registration process was analysed, and a standard procedure manual was developed in the second quarter of 2008/09.

The Masupatsela youth pioneer programme, which emanated from the cooperation agreement signed between Cuba and South Africa in September 2007, was conceptualised and approved in November 2007. This programme, aimed at instilling in young people a strong sense of patriotism, will be implemented at the

provincial level over the MTEF period. The department monitor the implementation and strengthen areas where gaps are identified.

A strategy on behaviour change for the prevention of HIV and AIDS was developed in July 2008. During 2007/08, 1 500 home and community based care organisations were funded and 2.1 million orphans and vulnerable children received counselling and support through these organisations. 847 child care forums and 407 drop-in centres were established and supported. During the first half of 2008/09, 1 304 home and community based care organisations were funded and 619 598 orphans and vulnerable children received support through these organisations. 135 home and community based care organisations have been trained, mentored and monitored under the management capacity building programme for these organisations. A study on child headed households has also been completed.

## Expenditure estimates

**Table 16.10 Community Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Sustainable Livelihood	10.9	10.6	6.8	9.4	8.6	8.8	9.3
Community Development Service Standards	3.2	4.6	3.9	6.9	8.4	8.8	9.4
Registration and Institutional Capacity Building of NPOs	3.3	4.2	6.7	9.8	12.7	13.4	13.2
Youth	1.5	3.0	4.6	7.8	5.4	5.7	6.1
HIV and AIDS	43.6	50.1	51.3	61.1	61.5	66.3	69.8
National Development Agency	121.5	123.0	129.2	136.3	144.8	153.5	163.7
Contributions and Affiliations to Other Bodies	–	–	–	0.4	0.4	0.5	0.5
Administration	5.6	6.2	5.5	6.1	6.5	6.9	7.2
<b>Total</b>	<b>189.6</b>	<b>201.9</b>	<b>208.0</b>	<b>237.8</b>	<b>248.4</b>	<b>263.9</b>	<b>279.2</b>
Change to 2008 Budget estimate				(2.2)	(2.0)	(2.2)	73.1

### Economic classification

<b>Current payments</b>	<b>30.6</b>	<b>37.6</b>	<b>34.7</b>	<b>52.5</b>	<b>57.3</b>	<b>62.5</b>	<b>64.9</b>
Compensation of employees	16.4	16.5	18.7	28.3	30.3	32.0	33.8
Goods and services	14.2	21.1	16.0	24.2	27.1	30.5	31.2
of which:							
Administrative fees	0.1	–	0.2	1.1	1.2	2.1	1.3
Advertising	2.6	2.6	3.6	1.0	1.1	1.1	1.2
Consultants and professional services: Business and advisory services	2.2	5.9	2.8	8.3	9.5	11.2	11.8
Contractors	0.3	0.3	0.7	0.9	0.9	1.0	1.0
Agency and support / outsourced services	0.4	1.2	1.6	–	–	–	–
Inventory: Stationery and printing	0.9	1.2	0.3	1.4	1.5	1.6	1.7
Lease payments	0.2	0.2	0.1	0.2	0.2	0.2	0.2
Travel and subsistence	6.2	7.5	4.7	7.4	8.1	8.6	9.0
Training and development	0.2	0.3	0.1	0.7	0.8	0.8	0.8
Venues and facilities	0.4	1.3	0.6	2.7	2.8	3.0	3.1
Financial transactions in assets and liabilities	0.0	0.1	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>158.0</b>	<b>163.8</b>	<b>172.6</b>	<b>184.3</b>	<b>190.2</b>	<b>200.5</b>	<b>213.4</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	121.5	123.0	129.2	136.3	144.8	153.5	163.7
Universities and technikons	–	–	0.5	–	–	–	–
Foreign governments and international organisations	–	–	–	0.4	0.4	0.5	0.5
Non-profit institutions	36.5	40.7	43.0	47.6	45.0	46.6	49.2
<b>Payments for capital assets</b>	<b>0.9</b>	<b>0.4</b>	<b>0.6</b>	<b>1.1</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>
Machinery and equipment	0.9	0.4	0.6	1.1	0.8	0.8	0.9
Software and other intangible assets	0.0	0.0	–	–	–	–	–
<b>Total</b>	<b>189.6</b>	<b>201.9</b>	<b>208.0</b>	<b>237.8</b>	<b>248.4</b>	<b>263.9</b>	<b>279.2</b>

Table 16.10 Community Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>121.5</b>	<b>123.0</b>	<b>129.2</b>	<b>136.3</b>	<b>144.8</b>	<b>153.5</b>	<b>163.7</b>
National Development Agency	121.5	123.0	129.2	136.3	144.8	153.5	163.7
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>
South African Youth Workers Association	–	–	–	0.4	0.4	0.5	0.5
<b>Non-profit institutions</b>							
<b>Current</b>	<b>36.5</b>	<b>40.2</b>	<b>43.0</b>	<b>46.0</b>	<b>45.0</b>	<b>46.6</b>	<b>49.2</b>
Non-Profit Organisations Partnership Fund	–	0.2	1.0	0.4	0.4	0.4	0.5
National Association of Burial Societies of South Africa	–	–	–	0.8	0.8	0.9	1.0
National Association of People Living with HIV and AIDS	–	–	–	0.4	0.4	0.5	0.5
Khanya-aicdd (Africa Institute for Community Driven Development)	–	–	–	1.5	1.0	0.5	0.5
loveLife	36.5	40.0	41.0	41.0	41.0	43.5	45.6
National Religious Leaders Forum	–	–	–	1.5	1.0	0.5	0.7
National Association of People Living with HIV and AIDS	–	–	1.0	0.5	0.3	0.3	0.5

## Expenditure trends

The average annual growth rate is 7.8 per cent between 2005/06 and 2008/09, and it is expected to be 5.5 per cent over the MTEF period. Expenditure in this programme is dominated by the *HIV and AIDS* subprogramme and transfers to the National Development Agency, which jointly account for 83.1 per cent of the programme budget in 2009/10.

The stable trend in expenditure growth is set to continue over the MTEF period.

## Programme 5: Strategy and Governance

- *Strategy Development, Business and Programme Performance* develops the department's strategic plan, promotes effective planning in the sector, improves operational efficiency, develops social policies and programmes, and considers mechanisms to improve customer satisfaction across the sector.
- *Monitoring and Evaluation* develops and oversees the implementation of a comprehensive monitoring and evaluation system to improve service delivery across the sector.
- *Entity Oversight* oversees all entities, agencies and boards reporting to the department.
- *Social Policy Coordination* provides strategic guidance on social policy development, coordination and evaluation.
- *Special Project Coordination* provides for integrated project management and reporting on special social sector cluster projects, such as the expanded public works programme.
- *Population and Development* provides policy, monitoring and planning advice on government's population policy.
- *Appeals Service Centre* provides an impartial adjudication service for social assistance appeals. Funding is for the establishment costs for the centre, and operational funding based on the projected number of appeals lodged per year, including current backlogs.
- *Contributions and Affiliations to Other Bodies* provides for contributions to international federations and organisations.

Funding for all subprogrammes, except the *Appeals Service Centre* and *Contributions and Affiliations to Other Bodies* subprogrammes, is based on operational requirements. Funding in the *Appeals Service Centre*

subprogramme includes the establishment costs for the tribunal and operational funding, and is based on the number of appeals per year, including existing backlogs. Funding for the *Contributions and Affiliations to Other Bodies* subprogramme is based on membership fees.

## Objectives and measures

- Improve planning and service delivery in the social development sector by:
  - revising and finalising the department's strategic plan by January each year
  - providing ongoing assistance to provincial departments with strategic planning processes
  - developing a customer centred service delivery model by 2010.
- Improve accountability and promote service delivery across the sector by:
  - implementing a comprehensive monitoring and evaluation system
  - conducting annual performance analyses and departmental reviews, and submitting quarterly reports to the minister within 6 weeks of the end of every quarter
  - coordinating quarterly performance review meetings, and conducting 3 programme evaluations per year.
- Improve corporate governance of public entities, bodies and boards by:
  - developing and rolling out a performance management framework by March 2010
  - conducting quarterly performance assessments of public entities.
- Integrate population trends and dynamics into departmental planning by:
  - developing the 5-year population and development strategy by March 2010
  - producing an annual publication of research reports on population trends and dynamics.
- Ensure fairness in the grant application process by:
  - operationalising the appeals tribunal by July 2009
  - eliminating all backlogs by March 2011.

## Service delivery and spending focus

The department developed and tabled its 3-year strategic plan in 2007/08. A sector planning handbook was finalised to guide the sector and promote strategic planning for improved outcomes. A customer care and local front office model was approved by the forum for ministers and members of provincial executive councils. A gender mainstreaming programme was implemented and the gender policy initiated. A short term immovable asset management plan and business process improvement plan were also completed.

To monitor the implementation of the department's strategy, an institutional performance monitoring framework was developed. A web based electronic system was developed to facilitate online reporting and accelerate the turnaround times of the submission of performance reports. Following the training of users, the system will be fully implemented in 2009/10. Quarterly reports, annual reports and performance measurement reports were completed on time and submitted to the relevant authorities in line with the department's performance guidelines.

A study to further investigate the potential of the expanded public works programme in the social sector, beyond the two pilot areas of early childhood development and home and community based care, was completed in May 2007. The study recommended expansion into 13 new areas, with the potential to create 500 000 work opportunities. The framework to integrate expanded public works programme principles into these areas was also developed in May 2007. 147 000 work opportunities were created against the initial target of 150 000 for the first 4 and a half years, as set out in the social sector plan.

The department developed an appeals enterprise support mechanism, aimed at overseeing activities such as case management, pre-assessment, and secretariat and related administrative support. Medical assessment mechanisms were developed for adjudicating care dependency and disability social grants. Staff were recruited for the Independent Tribunal for Social Assistance Appeals, and members were enlisted and appointed to serve on the panel. An estimated backlog of more than 50 000 appeals will be a key focus area over the MTEF period.

## Expenditure estimates

**Table 16.11 Strategy and Governance**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Strategy Development, Business and Programme Performance	–	3.6	14.7	11.0	6.8	7.2	7.6
Monitoring and Evaluation	15.6	2.6	9.9	16.0	11.5	14.3	15.6
Entity Oversight	–	0.7	3.8	17.0	15.5	18.6	20.1
Social Policy Coordination	–	5.2	2.2	2.9	5.2	5.4	5.8
Special Projects Coordination	–	–	4.8	5.7	7.1	7.3	6.9
Appeals Service Centre	–	–	1.1	25.6	31.0	32.5	33.9
Population Research	14.7	20.7	33.9	20.1	20.0	21.0	22.2
Contributions and Affiliations to Other Bodies	0.1	0.2	0.5	0.3	0.3	0.4	0.4
Administration	2.6	6.9	2.0	3.5	3.6	3.8	4.1
<b>Total</b>	<b>33.1</b>	<b>39.9</b>	<b>72.9</b>	<b>102.2</b>	<b>101.1</b>	<b>110.5</b>	<b>116.7</b>
Change to 2008 Budget estimate				8.8	4.5	4.2	4.3

### Economic classification

<b>Current payments</b>	<b>32.6</b>	<b>33.8</b>	<b>68.6</b>	<b>100.5</b>	<b>98.5</b>	<b>107.8</b>	<b>113.8</b>
Compensation of employees	11.7	14.6	23.2	35.9	42.8	44.7	47.4
Goods and services	20.9	19.2	45.4	64.5	55.7	63.1	66.4
of which:							
Administrative fees	0.6	0.9	1.0	2.1	0.8	1.4	1.8
Advertising	1.2	1.4	1.0	1.4	1.5	1.6	1.6
Assets less than R5 000	0.2	0.4	0.5	0.3	0.4	0.4	0.4
Catering: Departmental activities	0.2	0.4	0.2	0.7	0.8	0.8	0.8
Communication	0.0	0.1	0.1	0.6	0.6	0.7	0.7
Computer services	0.0	–	4.1	6.4	6.7	7.1	7.4
Consultants and professional services: Business and advisory services	11.4	0.5	9.7	37.3	28.5	34.0	35.5
Contractors	0.3	0.7	2.3	0.0	0.1	0.1	0.1
Agency and support / outsourced services	0.2	3.0	11.3	–	–	–	–
Inventory: Stationery and printing	1.0	1.0	1.1	1.3	1.4	1.4	1.5
Travel and subsistence	3.1	6.1	8.7	9.7	10.2	10.7	11.2
Training and development	0.1	0.4	0.8	1.3	1.4	1.5	1.5
Operating expenditure	0.5	1.5	0.8	0.0	0.0	0.0	0.0
Venues and facilities	1.5	2.6	3.6	2.8	3.0	3.1	3.3
Financial transactions in assets and liabilities	–	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.2</b>	<b>5.4</b>	<b>1.6</b>	<b>0.3</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	–	0.4	0.4	–	–	–	–
Universities and technikons	–	4.8	–	–	–	–	–
Foreign governments and international organisations	0.1	0.2	0.2	0.3	0.3	0.4	0.4
Non-profit institutions	–	0.1	1.1	–	1.0	1.0	1.0
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.6</b>	<b>2.8</b>	<b>1.4</b>	<b>1.3</b>	<b>1.4</b>	<b>1.5</b>
Machinery and equipment	0.3	0.6	2.8	1.3	1.2	1.3	1.4
Software and other intangible assets	–	–	–	0.2	0.1	0.1	0.1
<b>Total</b>	<b>33.1</b>	<b>39.9</b>	<b>72.9</b>	<b>102.2</b>	<b>101.1</b>	<b>110.5</b>	<b>116.7</b>

### Details of selected transfers and subsidies

<b>Universities and technikons</b>							
<b>Current</b>	<b>–</b>	<b>4.8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
University of Pretoria	–	4.8	–	–	–	–	–

## Expenditure trends

Expenditure grew at an average annual rate of 45.7 per cent between 2005/06 and 2008/09, mainly as a result of additional allocations of R20 million in 2007/08 and R30 million in 2008/09 to establish an inspectorate. This is supplemented with additional allocations of R7 million in 2008/09, R10 million in 2009/10 and R13 million in

2010/11 to strengthen the department's regulatory and oversight functions for the South African Social Security Agency and facilitate the establishment of key social security institutions.

An additional R30 million is allocated over the MTEF period to increase the capacity of the appeals tribunal (R10 million, R10 million, and R10 million).

A once-off allocation was made to the University of Pretoria in 2006/07 to establish a partnership for economic research on social protection.

## Additional tables

Table 16.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	134.8	135.2	139.1	149.2	7.0	156.2	154.6
2. Comprehensive Social Security	66 638.8	66 637.3	66 661.5	75 318.4	528.3	75 846.7	75 694.4
3. Policy Development, Review and Implementation Support for Welfare Services	140.7	138.3	110.0	207.0	4.3	211.2	206.6
4. Community Development	229.9	223.9	208.0	240.0	(2.2)	237.8	235.3
5. Strategy and Governance	87.9	94.4	72.9	93.4	8.8	102.2	102.2
<b>Total</b>	<b>67 232.1</b>	<b>67 229.1</b>	<b>67 191.4</b>	<b>76 008.0</b>	<b>546.2</b>	<b>76 554.2</b>	<b>76 393.2</b>

  

Economic classification							
<b>Current payments</b>	<b>389.8</b>	<b>385.4</b>	<b>321.4</b>	<b>422.6</b>	<b>8.9</b>	<b>431.6</b>	<b>420.6</b>
Compensation of employees	169.4	169.4	133.6	196.7	(4.2)	192.5	181.5
Goods and services	220.5	216.0	187.5	226.0	13.1	239.1	239.1
Financial transactions in assets and liabilities	–	–	0.3	–	–	–	–
<b>Transfers and subsidies</b>	<b>66 832.8</b>	<b>66 834.3</b>	<b>66 862.3</b>	<b>75 576.6</b>	<b>537.2</b>	<b>76 113.9</b>	<b>75 963.9</b>
Departmental agencies and accounts	4 321.9	4 321.9	4 322.3	4 779.1	99.4	4 878.5	4 878.5
Universities and technikons	–	–	0.5	–	–	–	–
Foreign governments and international organisations	1.3	1.3	0.5	1.5	0.4	1.9	1.9
Non-profit institutions	48.9	50.3	52.2	55.1	2.7	57.7	57.7
Households	62 460.8	62 460.8	62 486.9	70 741.0	434.8	71 175.8	71 025.8
<b>Payments for capital assets</b>	<b>9.5</b>	<b>9.5</b>	<b>7.7</b>	<b>8.7</b>	<b>–</b>	<b>8.7</b>	<b>8.7</b>
Machinery and equipment	8.3	8.3	7.7	7.9	–	7.9	7.9
Software and intangible assets	1.1	1.1	–	0.8	–	0.8	0.8
<b>Total</b>	<b>67 232.1</b>	<b>67 229.1</b>	<b>67 191.4</b>	<b>76 008.0</b>	<b>546.2</b>	<b>76 554.2</b>	<b>76 393.2</b>

Table 16.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	78.3	107.6	129.2	187.2	214.0	224.7	238.0
Unit cost (R million)	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Personnel numbers (head count)	372	466	619	684	719	750	750
<b>Part time and temporary contract employees</b>							
Compensation (R million)	12.6	1.4	2.0	2.5	2.8	3.0	3.3
Unit cost (R million)	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Personnel numbers (head count)	69	15	20	25	40	40	40
<b>Interns</b>							
Compensation of interns (R million)	2.4	2.0	2.4	2.9	3.1	3.4	3.6
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	74	55	65	75	80	85	85
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>93.2</b>	<b>111.1</b>	<b>133.6</b>	<b>192.5</b>	<b>220.0</b>	<b>231.2</b>	<b>245.0</b>
<b>Unit cost (R million)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
<b>Personnel numbers (head count)</b>	<b>515</b>	<b>536</b>	<b>704</b>	<b>784</b>	<b>839</b>	<b>875</b>	<b>875</b>



Table 16.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	93.2	111.1	169.4	196.7	220.0	231.2	245.0
Training expenditure (R million)	0.9	2.2	1.7	2.0	2.1	2.4	2.5
Training as percentage of compensation	1.0%	2.0%	1.0%	1.0%	0.9%	1.0%	1.0%
Total number trained in department (head count)	337	487	487	–			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	234	382	301	–			
<i>Internships trained (head count)</i>	34	66	15	–			
Households receiving bursaries (R million)	–	–	50.0	105.0	–	–	–
Households receiving bursaries (head count)	–	190	1 428	–			

Table 16.D Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
<b>R thousand</b>												
<b>Foreign</b>												
<b>In cash</b>												
United Kingdom Department for International Development	Strengthening analytical capacity for evidence based decision making	Strategy and Governance	52 717	Goods and services	Strengthening analytical capacity for evidence based decision making	10 679	2 022	9 297	18 519	8 000	4 200	-
Canadian International Development Agency	Child protection surveillance project	Policy Development, Review and Implementation Support for Welfare Services	30 500	Goods and services	Research study on child abuse, neglect and exploitation	-	-	-	1 404	8 105	10 391	10 600
United Nations Children's Fund	Costing a national policy framework on prevention of child abuse	Policy Development, Review and Implementation Support for Welfare Services	382	Goods and services	Costed national policy framework on neglected and abused children	-	-	382	-	-	-	-
<b>In kind</b>												
Japan International Cooperation Agency	Establishing a monitoring and evaluation system for home community based care	Policy Development, Review and Implementation Support for Welfare Services	9 000	Goods and services	Comprehensive monitoring and evaluation system for comprehensive home community based care implemented at all levels of government	-	1 219	2 772	1 071	4 147	-	-
European Commission	Assisting the victim empowerment programme	Policy Development, Review and Implementation Support for Welfare Services	264 330	Goods and services	Improving the implementation of the victim empowerment programme	-	-	-	-	-	-	-
United Nations Office on Drugs and Crime	Establishing a one-stop centre – Mitchells Plain	Policy Development, Review and Implementation Support for Welfare Services	4 900	Goods and services	Establishing a one-stop centre to counteract violence	-	-	4 900	-	-	-	-
United Nations Office on Drugs and Crime	Establishing a one-stop centre – Gauteng and North West	Policy Development, Review and Implementation Support for Welfare Services	14 434	Goods and services	Establishing a one-stop centre to counteract violence	-	-	-	-	-	-	-
<b>Total</b>			<b>376 263</b>			<b>10 679</b>	<b>3 241</b>	<b>17 351</b>	<b>20 994</b>	<b>20 252</b>	<b>14 591</b>	<b>10 600</b>

# Vote 17

## Sport and Recreation South Africa

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	87.0	85.9	0.2	0.8	89.6	98.6
Sport Support Services	99.8	37.1	62.7	–	103.5	131.4
Mass Participation	449.4	47.2	402.3	–	468.7	502.4
International Liaison and Events	18.0	18.0	–	–	23.7	26.1
Facilities Coordination	6.5	3.6	–	2.9	6.7	8.1
2010 FIFA World Cup Unit	2 199.3	15.6	2 183.7	–	558.0	4.4
<b>Total expenditure estimates</b>	<b>2 859.9</b>	<b>207.3</b>	<b>2 648.8</b>	<b>3.7</b>	<b>1 250.2</b>	<b>771.0</b>
Executive authority	Minister of Sport and Recreation					
Accounting officer	Director-General of Sport and Recreation South Africa					
Website address	www.srsa.gov.za					

### Aim

*The aim of Sport and Recreation South Africa is to maximise access, development and excellence at all levels of participation in sport and recreation to improve social cohesion, nation building and the quality of life of all South Africans.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Administer, guide and manage Sport and Recreation South Africa.

#### Programme 2: Sport Support Services

**Purpose:** Support public entities and sport and recreation bodies, and monitor and report on their performance.

#### Programme 3: Mass Participation

**Purpose:** Provide support and strategic direction to increase the number of participants in sport and recreation in South Africa.

#### Programme 4: International Liaison and Events

**Purpose:** Coordinate inter and intragovernment sport and recreation relations and support the hosting of identified major events.

#### Programme 5: Facilities Coordination

**Purpose:** Coordinate the provision and management of sustainable sport and recreation infrastructure.

## **Programme 6: 2010 FIFA World Cup Unit**

**Purpose:** Coordinate all inter and intragovernment relations, and support the hosting of the 2010 Fédération Internationale de Football Association (FIFA) World Cup in South Africa.

### **Strategic overview: 2005/06 – 2011/12**

Sport and Recreation South Africa's main area of responsibility is sports development. A key strategic objective is to increase the local and international participation of South Africans in sport and recreation by improving access to sport and recreation and strengthening performance at all levels of participation.

#### **Key strategic initiatives**

##### *Broadening participation in sport*

Over the medium term, the department will focus on initiatives to create an enabling environment for as many South Africans as possible to have access to sport and recreation activities, especially those from disadvantaged communities. Linked to its mass participation initiatives, the department will continue to develop sport and recreation clubs in disadvantaged communities.

The department views sports federations as the primary delivery agents of sport and recreation. The department will thus subsidise priority national federations to meet their national and international obligations, and accelerate transformation in this way.

In collaboration with the Department of Education, the department will continue to build on the agreement to share the responsibility for rigorously promoting and delivering school sport as an important foundation for sports development.

The backlog in facilities continues to hamper the effective delivery of sport and recreation, and the department will work closely with the Department of Provincial and Local Government to advocate, plan and provide facilities through the municipal infrastructure grant.

##### *Promoting participation in international events*

In line with its commitment to forge and strengthen links with the international sporting community and increase the levels and quality of participation at the international level, the department supports various initiatives, such as approved bids by South African cities and federations to host international events. The department will continue to strengthen its international sporting relations to secure more resources for South African sport by entering into mutually beneficial agreements and providing for exchanges of expertise with international parties. The department also supports the activities of the Supreme Council for Sport in Africa and Zone VI.

In conjunction with the South African Sports Confederation and Olympic Committee, the department will assist with preparing athletes to qualify for and participate in major international events through a national scientific support system. This system aims to provide a professional coaching service for elite athletes, improved scientific research, sports science and medical support, and financial and human resource assistance to federations.

The ongoing battle to eradicate the use of illegal substances by athletes remains a challenge for the department and relevant role players, and the department will continue to be an active member of the World Anti-Doping Agency.

##### *2010 FIFA World Cup*

The strategic focus of the department's 2010 FIFA World Cup activities is to ensure that South Africa is in a position to successfully host a world class event. The department fulfils this mandate by: monitoring the construction of stadiums to ensure that they comply with FIFA standards and meet their deadlines; facilitating the training of volunteers; and mobilising South African support through establishing clubs in the 52 South African Football Association regions.

A key area of responsibility for the department's 2010 government coordinating unit is to oversee the delivery of the 17 guarantees signed by government departments with FIFA. This unit also provides institutional support to the 2010 local organising committee and the host cities of the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup.

### Key policy developments

The National Sport and Recreation Amendment Act (2007) delineates national sports structures and allows the minister to intervene in disputes and other matters arising in national federations.

The department is currently compiling a publication, A Case for Sport, which highlights the significant socioeconomic benefits of investing in sport. This publication will underpin the development of a new white paper on sport and recreation and the national sports plan. The white paper will be completed in 2009 in consultation with national sports federations and other key stakeholders, such as government and sponsors.

## Selected performance and operations indicators

**Table 17.1 Sports and Recreation South Africa**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of national federations supported financially and logistically each year	Sport Support Services	46	55	67	58	58	58	58
Number of new junior athletes supported to excel in international competitions each year	Sport Support Services	–	–	–	248	150	308	200
Number of elite athletes supported each year	Sport Support Services	–	460	378	600	1 157	1 240	1 267
Total number of people trained in sport and recreation as coaches, administrators, technical officials and facility managers	Mass Participation	1 152	1 553	5 000	9 050	13 500	15 600	17 800
Total number of sports clubs supported	Sport Support Services	–	180	300	482	600	675	1 000
Total number of participants in sport and recreation mass participation programme	Mass Participation	365 566	597 304	1.7 million	2.8 million	4 million	4.5 million	5 million
Number of sport and recreation facilities (community gyms) equipped with apparatus each year	Facilities Coordination	–	–	–	5	12	15	20
Number of 2010 service level agreements managed each year	2010 FIFA World Cup Unit	–	10	10	10	30	10	–
Number of 2010 FIFA World Cup guarantees on target with FIFA deadlines	2010 FIFA World Cup Unit	–	17	17	17	17	17	–
Number of people trained as sports event volunteers each year	Sport Support Services	–	–	350	19 700	500	600	700

## Expenditure estimates

**Table 17.2 Sport and Recreation South Africa**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08			2009/10	2010/11	2011/12
R million								
1. Administration	56.7	44.4	82.5	86.6	85.1	87.0	89.6	98.6
2. Sport Support Services	82.9	81.3	85.1	114.8	107.8	99.8	103.5	131.4
3. Mass Participation	47.6	150.5	248.7	344.9	329.4	449.4	468.7	502.4
4. International Liaison and Events	6.0	4.5	11.9	42.5	42.1	18.0	23.7	26.1
5. Facilities Coordination	0.2	1.9	3.8	5.8	5.8	6.5	6.7	8.1
6. 2010 FIFA World Cup Unit	243.5	603.9	4 615.9	4 315.1	4 314.5	2 199.3	558.0	4.4
<b>Total</b>	<b>436.8</b>	<b>886.5</b>	<b>5 048.0</b>	<b>4 909.7</b>	<b>4 884.7</b>	<b>2 859.9</b>	<b>1 250.2</b>	<b>771.0</b>
Change to 2008 Budget estimate				1 413.4	1 388.5	281.4	246.2	25.2

**Table 17.2 Sport and Recreation South Africa (continued)**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>83.7</b>	<b>109.5</b>	<b>185.6</b>	<b>261.6</b>	<b>251.6</b>	<b>207.3</b>	<b>202.5</b>	<b>246.1</b>
Compensation of employees	26.9	30.1	43.4	60.2	57.2	67.9	68.4	68.4
Goods and services	56.9	79.4	142.0	201.4	194.4	139.4	134.1	177.7
of which:								
Advertising	1.4	3.1	12.7	14.7	14.7	8.1	6.9	12.7
Assets less than R5 000	1.2	0.6	1.3	1.5	1.5	1.5	1.4	2.5
Audit costs: External	1.7	1.9	2.7	2.1	2.1	3.0	2.1	3.2
Catering: Departmental activities	0.0	0.1	1.8	2.3	2.3	2.5	3.5	4.0
Communication	2.1	2.7	3.2	3.7	3.7	3.9	3.9	4.7
Computer services	1.4	2.0	6.1	4.8	4.8	3.5	2.9	2.8
Consultants and professional services:	8.1	22.7	32.3	62.8	56.9	37.9	35.1	49.6
Business and advisory services								
Inventory: Other consumables	2.1	0.5	0.9	1.4	1.4	0.9	1.0	0.7
Inventory: Stationery and printing	0.5	0.6	0.7	1.5	1.5	1.0	1.1	0.9
Lease payments	2.6	2.8	2.1	2.8	2.8	2.2	2.3	2.5
Owned and leasehold property expenditure	0.3	0.7	4.0	5.2	5.2	4.0	4.2	4.3
Transport provided: Departmental activities	0.8	2.3	6.5	6.5	6.5	6.6	7.4	9.8
Travel and subsistence	14.8	16.9	23.3	32.0	31.5	22.7	24.0	28.5
Training and development	0.2	0.5	0.9	0.9	0.9	1.1	1.2	1.1
Operating expenditure	5.8	4.3	6.9	9.3	9.3	7.6	7.2	10.2
Venues and facilities	13.6	17.4	36.0	49.5	48.9	32.1	29.0	39.4
Financial transactions in assets and liabilities	0.0	0.0	0.2	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>342.3</b>	<b>775.3</b>	<b>4 859.5</b>	<b>4 644.9</b>	<b>4 629.9</b>	<b>2 648.8</b>	<b>1 043.8</b>	<b>520.7</b>
Provinces and municipalities	24.1	719.0	4 799.0	4 588.7	4 573.7	2 570.9	939.0	452.0
Departmental agencies and accounts	6.5	6.8	10.5	7.5	7.5	7.9	8.3	8.8
Public corporations and private enterprises	241.6	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Foreign governments and international organisations	–	–	–	–	–	15.0	40.0	–
Households	15.0	20.2	25.0	26.2	26.2	27.5	28.7	30.4
<b>Payments for capital assets</b>	<b>10.8</b>	<b>1.8</b>	<b>2.9</b>	<b>3.2</b>	<b>3.2</b>	<b>3.7</b>	<b>4.0</b>	<b>4.2</b>
Buildings and other fixed structures	–	–	0.1	–	–	–	–	–
Machinery and equipment	10.4	1.8	2.8	3.2	3.2	3.7	4.0	4.2
Software and other intangible assets	0.4	–	0.1	–	–	–	–	–
<b>Total</b>	<b>436.8</b>	<b>886.5</b>	<b>5 048.0</b>	<b>4 909.7</b>	<b>4 884.7</b>	<b>2 859.9</b>	<b>1 250.2</b>	<b>771.0</b>

## Expenditure trends

Expenditure grew from R436.8 million in 2005/06 to R4.9 billion in 2008/09 at an average annual rate of 124 per cent, due mainly to the additional allocations for upgrading and constructing stadiums for the 2010 FIFA World Cup. Over the seven-year period, spending in programmes other than the *2010 FIFA World Cup Unit* grows at an average annual rate of 25.8 per cent, mainly as an extension of the conditional grant for the mass sport and recreation participation programme, which has included school sport since 2006/07 and 2010 legacy projects since 2007/08.

Over the medium term, expenditure is expected to decrease to R771 million at an average annual rate of 46 per cent, as spending on the 2010 FIFA World Cup will be completed. The department oversees the 2010 FIFA World Cup stadiums development grant to municipalities that will host matches during the event. With the increased allocations to the mass sport and recreation participation programme conditional grant, this accounts for the 475.4 per cent growth in transfers to municipalities and provinces between 2005/06 and 2008/09. However, in line with the overall projected expenditure, transfers to municipalities and provinces are expected to decline by 53.8 per cent over the MTEF period, from R4.6 billion in 2008/09 to R452 million in 2011/12.

Transfers of R15 million (2009/10) and R40 million (2010/11) are made to FIFA to refund it for the VAT paid on tickets for the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup.

Expenditure in the international liaison and events programme increased from R6 million in 2005/06 to R42.5 million in 2008/09, at an average annual increase of 92.2 per cent. This was to cater for major international events, particularly the 2008 Olympic Games and hosting the Zone VI youth games in December 2008. The programme's expenditure is expected to decrease by 57.6 percent in 2009/10 as a result of these once-off allocations, followed by an average annual increase of 20 per cent over the two outer years of the MTEF period.

The 2009 Budget provides additional allocations over the MTEF period of R297.4 million, R266.2 million, and R41.8 million for the following:

- scientific support services (R8 million in 2010/11 and R40 million in 2011/12)
- a VAT refund on 2009 FIFA Confederations Cup and 2010 FIFA World Cup tickets (R15 million in 2009/10 and R40 million in 2010/11)
- the conditional grant for 2010 FIFA World Cup stadiums development (R205 million in 2009/10 and R195 million in 2010/11)
- inflation adjustments for 2010 FIFA World Cup stadiums development (R56.1 million in 2009/10 and R7.3 million in 2010/11)
- inflation adjustments for 2010 FIFA World Cup host city operational grant (R19.6 million in 2009/10 and R14.3 million in 2010/11)
- personnel inflation adjustments (R1.6 million, R1.5 million and R1.6 million).

### **Savings and reprioritisation**

Efficiency savings of R52.7 million have been identified over the MTEF period in all programmes under the following items: R52.2 million in goods and services and R0.5 million in transfers and subsidies.

### **Infrastructure spending**

Infrastructure spending relates to constructing and upgrading stadiums for the 2010 FIFA World Cup. Allocations are made to host municipalities via the 2010 FIFA World Cup stadiums development grant. Construction of the six stadiums (Green Point, Nelson Mandela, eThekweni, Mbombela, Peter Mokaba and Soccer City) began in 2006/07, and the upgrade of four stadiums (Loftus Versfeld, Royal Bafokeng, Ellis Park and Mangaung) began in 2007/08.

In 2008/09, the initial allocation for the construction of stadiums was R2.9 billion. Due to the tight deadlines set for completing the stadiums for the 2010 FIFA World Cup (December 2009) and the need for construction contractors to accelerate their pace, an additional R1.4 billion was brought forward from 2009/10 through the Special Adjustments Act (2008). R4.3 billion was transferred to municipalities for the construction of stadiums during 2008/09. An additional R463.4 million has been allocated over the medium term to host cities (Cape Town, Nelson Mandela Bay, eThekweni, Mbombela, Polokwane, Rustenburg, Tshwane, Johannesburg and Mangaung) for further cost escalations.

### **Departmental receipts**

Departmental receipts are generally low and are generated mainly from cancelled expired warrant vouchers, commissions and other incidentals. The higher receipts in 2005/06 and 2006/07 were mainly from royalties for the use of the king protea and springbok logos by the South African Sports Commission. Royalties have not been collected since 2007/08, and the department has started a process to recoup the funds in 2009.



**Table 17.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>1 543</b>	<b>5 560</b>	<b>46</b>	<b>224</b>	<b>238</b>	<b>173</b>	<b>173</b>	<b>180</b>
Sales of goods and services produced by department	7	14	39	47	61	65	65	69
Transfers received	–	–	–	75	75	–	–	–
Interest, dividends and rent on land	1	–	1	2	2	2	2	2
Sales of capital assets	–	41	–	–	–	–	–	–
Financial transactions in assets and liabilities	1 535	5 505	6	100	100	106	106	109
<b>Total</b>	<b>1 543</b>	<b>5 560</b>	<b>46</b>	<b>224</b>	<b>238</b>	<b>173</b>	<b>173</b>	<b>180</b>

## Programme 1: Administration

### Expenditure estimates

**Table 17.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	0.9	1.0	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.7	0.7	0.8	1.3	1.4	1.5	1.6
Management	4.4	2.8	7.7	14.0	13.9	15.0	15.8
Strategic and Executive Support	0.2	13.4	16.6	18.0	18.8	19.8	22.0
Corporate Services	41.5	17.9	46.1	39.8	38.5	38.2	42.0
Office of the Chief Financial Officer	7.9	6.7	9.3	10.4	11.1	11.7	13.5
Property Management	1.1	2.1	1.2	1.4	1.6	1.7	1.8
<b>Total</b>	<b>56.7</b>	<b>44.4</b>	<b>82.5</b>	<b>86.6</b>	<b>87.0</b>	<b>89.6</b>	<b>98.6</b>
Change to 2008 Budget estimate				3.3	(0.8)	(0.9)	3.1

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

#### Economic classification

	45.9	42.3	79.4	84.2	85.9	88.5	97.3
<b>Current payments</b>							
Compensation of employees	16.6	19.6	29.0	41.7	47.8	50.2	52.5
Goods and services	29.3	22.8	50.4	42.5	38.1	38.3	44.8
of which:							
Advertising	0.4	0.9	6.5	5.0	1.1	2.2	2.3
Assets less than R5 000	1.2	0.5	1.0	0.7	1.0	1.1	2.1
Audit costs: External	1.7	1.9	2.7	2.1	3.0	2.1	3.2
Catering: Departmental activities	–	0.0	0.3	0.3	0.5	0.5	0.6
Communication	1.9	1.9	2.3	1.8	2.5	2.7	3.4
Computer services	1.4	2.0	6.1	4.8	3.5	2.9	2.8
Consultants and professional services:	7.0	2.3	1.5	1.1	1.5	1.6	1.7
Business and advisory services							
Inventory: Other consumables	0.3	0.1	0.9	0.7	0.9	1.0	0.7
Inventory: Stationery and printing	0.3	0.2	0.4	0.3	0.5	0.5	0.3
Lease payments	2.5	2.7	2.1	2.7	2.2	2.3	2.5
Owned and leasehold property expenditure	0.3	0.7	3.9	5.2	4.0	4.2	4.3
Travel and subsistence	6.7	6.0	9.5	8.0	8.3	8.8	9.3
Training and development	0.0	0.1	0.5	0.4	0.6	0.6	0.4
Operating expenditure	4.5	2.5	4.0	3.1	3.6	3.8	4.5
Venues and facilities	0.8	0.4	8.1	5.7	4.3	3.3	6.1
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–

Table 17.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>0.2</b>	<b>0.4</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Provinces and municipalities	0.1	0.0	0.0	–	–	–	–
Departmental agencies and accounts	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Public corporations and private enterprises	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Households	0.0	0.2	0.0	–	–	–	–
<b>Payments for capital assets</b>	<b>10.5</b>	<b>1.7</b>	<b>2.9</b>	<b>2.2</b>	<b>0.8</b>	<b>0.9</b>	<b>1.0</b>
Buildings and other fixed structures	–	–	0.1	–	–	–	–
Machinery and equipment	10.1	1.7	2.8	2.2	0.8	0.9	1.0
Software and other intangible assets	0.4	–	0.1	–	–	–	–
<b>Total</b>	<b>56.7</b>	<b>44.4</b>	<b>82.5</b>	<b>86.6</b>	<b>87.0</b>	<b>89.6</b>	<b>98.6</b>

## Expenditure trends

Expenditure increased from R56.7 million in 2005/06 to R86.6 million in 2008/09 at an average annual rate of 15.2 per cent, due mainly to the merging of the South African Sports Commission with Sport and Recreation South Africa in 2007/08. This accounts for the 85.9 per cent growth in expenditure in 2007/08. The merger is primarily responsible for the average annual growth of 35.9 per cent in compensation of employees and the 13.2 per cent in goods and services from 2005/06 to 2008/09. Total spending reflects a slower growth rate over the MTEF period, decreasing at an average annual rate of 4.4 per cent.

## Programme 2: Sport Support Services

- *Sport and Recreation Service Providers* transfers funds to sport and recreation organisations, and monitors the use of the funds in line with the service level agreements signed between the organisation and the department. Funding to organisations is provided in the following categories: international participation ('more medals' funding); transformation; administration; and hosting events. Organisations are categorised according to a number of criteria, such as performance, mass appeal, and accessibility. Specific documents, such as annual financial statements and strategic plans, are requested from organisations before funding is considered. Once funding has been allocated, identified projects are monitored in line with the service level agreement. Organisations benefiting from the funding are required to submit regular reports outlining their achievements.
- *Club Development Programme* supports the formation and revitalisation of clubs and leagues with support from national federations. Funds are mainly used to procure goods and services that the department provides directly to beneficiaries.
- *Education and Training* coordinates the development of education and training materials, and monitors the development of the required human resource base for managing sport and recreation. Funding is mainly used for salaries, and other personnel related costs.
- *Scientific Support* is a new subprogramme which aims to accelerate support for high performance athletes. It was formerly part of the *Sport and Recreation Service Providers* subprogramme. The *Scientific Support* subprogramme coordinates and monitors scientific support to high performance athletes through training camps, medical and scientific interventions, a residential programme, and funding for scientific and medical research, in conjunction with the South African Sports Confederation and Olympic Committee. Funds are allocated to support those athletes identified by national federations as having potential to excel at the international level. The subprogramme also coordinates government's responsibility for anti-doping activities and administers the transfer to the South African Institute for Drug-Free Sport.

## Objectives and measures

- Increase the number of South Africans participating in sport and recreation activities by approximately 12 per cent over the next 3 years by supporting sports federations to run club development programmes, with a focus on disadvantaged communities.

- Increase the number of high performance athletes by approximately 10 per cent over the next 4 years through talent identification programmes, with specific emphasis on participants from disadvantaged communities and marginalised constituencies.
- Ensure good corporate governance in sports federations by providing education and training, financial and human resource support to sports federations.

## Service delivery and spending focus

The department assisted 378 athletes and 97 coaches and officials at the University of Pretoria's high performance centre in preparation for the 2007 All Africa Games and the 2008 Olympic and Paralympic games. The department also assisted 29 federations through 'more medals' funding to prepare for and participate in national and international events.

366 new sports clubs were established and supported by the club development programme in 2007/08.

A joint implementation plan was concluded with the South African Qualifications Authority in 2007/08, through which learning programmes were developed for coaching unit standards, facility management unit standards, technical officiating, and the volunteerism national certificate in sports management, which is a qualification for major event volunteers.

The spending focus over the medium term will be on strengthening and building the national sports federations by providing funding for credible business plans, and improving their organisational and administrative capacities. The *Scientific Support* subprogramme will focus on providing support to high performance athletes.

## Expenditure estimates

**Table 17.5 Sport Support Services**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Sport and Recreation Service Providers	76.4	69.1	77.0	61.1	67.5	71.1	76.9
Club Development Programme	6.5	1.1	5.4	3.0	5.2	5.6	7.1
Education and Training	–	11.1	2.7	29.1	7.0	6.4	7.0
Scientific Support	–	–	–	21.5	20.1	20.4	40.4
<b>Total</b>	<b>82.9</b>	<b>81.3</b>	<b>85.1</b>	<b>114.8</b>	<b>99.8</b>	<b>103.5</b>	<b>131.4</b>
Change to 2008 Budget estimate				8.1	(6.0)	(5.1)	16.6
<b>Economic classification</b>							
<b>Current payments</b>	<b>6.2</b>	<b>25.4</b>	<b>28.3</b>	<b>58.7</b>	<b>37.1</b>	<b>39.0</b>	<b>63.0</b>
Compensation of employees	3.9	3.4	3.4	5.0	4.9	5.1	5.4
Goods and services	2.3	22.0	24.8	53.7	32.2	33.9	57.6
of which:							
Advertising	0.1	0.0	1.5	2.8	1.5	1.6	5.9
Catering: Departmental activities	–	0.0	0.3	0.6	0.4	0.4	0.4
Communication	0.1	0.3	0.3	0.6	0.5	0.5	0.6
Consultants and professional services: Business and advisory service	0.1	18.2	17.7	41.3	24.7	24.7	34.4
Transport provided: Departmental activities	–	0.1	0.2	0.4	0.6	0.6	2.6
Travel and subsistence	0.7	0.8	1.5	2.4	1.6	1.8	4.5
Operating expenditure	0.0	0.8	0.6	1.2	0.9	1.0	2.5
Venues and facilities	1.1	1.3	2.6	4.4	2.0	3.2	6.5
Financial transactions in assets and liabilities	–	–	0.2	–	–	–	–
<b>Transfers and subsidies</b>	<b>76.6</b>	<b>55.9</b>	<b>56.8</b>	<b>56.1</b>	<b>62.7</b>	<b>64.6</b>	<b>68.4</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	6.5	6.8	10.5	7.5	7.8	8.3	8.7
Non-profit institutions	55.1	29.1	21.3	22.4	27.4	27.6	29.3
Households	15.0	20.0	25.0	26.2	27.5	28.7	30.4
<b>Payments for capital assets</b>	<b>0.2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	0.2	–	–	–	–	–	–
<b>Total</b>	<b>82.9</b>	<b>81.3</b>	<b>85.1</b>	<b>114.8</b>	<b>99.8</b>	<b>103.5</b>	<b>131.4</b>

Table 17.5 Sport Support Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>6.5</b>	<b>6.8</b>	<b>10.5</b>	<b>7.5</b>	<b>7.8</b>	<b>8.3</b>	<b>8.7</b>
Boxing South Africa	1.7	1.8	3.9	2.0	2.1	2.2	2.3
South African Institute for Drug-Free Sport	4.8	5.0	5.2	5.5	5.7	6.0	6.4
Tourism, Hospitality and Sport SETA	–	–	1.4	–	–	–	–
<b>Non-profit institutions</b>							
<b>Current</b>	<b>55.1</b>	<b>29.1</b>	<b>21.3</b>	<b>22.4</b>	<b>27.4</b>	<b>27.6</b>	<b>29.3</b>
South African Sports Confederation and Olympic Committee	8.8	–	–	–	–	–	–
Sport federations	46.3	29.1	21.3	22.4	27.4	27.6	29.3
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>15.0</b>	<b>20.0</b>	<b>25.0</b>	<b>26.2</b>	<b>27.5</b>	<b>28.7</b>	<b>30.4</b>
loveLife games	15.0	20.0	25.0	26.2	27.5	28.7	30.4

## Expenditure trends

Expenditure in the *Sport Support Services* programme increased at an average annual rate of 11.4 per cent between 2005/06 and 2008/09. The fluctuating trend in the *Sport and Recreation Service Providers* and *Education and Training* subprogrammes between 2005/06 and 2009/10 is because the department initially decided to shift the bulk of the education and training functions to sports federations in 2007/08, but this decision was reversed in 2008/09. This accounts for the 964 per cent increase in projected expenditure in *Education and Training* in 2008/09. However, the department has decided to shift some of these responsibilities back to the sports federations in 2009/10, which accounts for the decline in the *Education and Training* subprogramme in that year.

The introduction of the *Scientific Support* subprogramme in 2008/09 is also responsible for the decline in expenditure in the *Sport and Recreation Service Providers* subprogramme in 2008/09, which previously funded scientific support to sports federations. The *Scientific Support* subprogramme is expected to grow at an average annual rate of 23.3 per cent over the medium term as specialist scientific support is extended to athletes and sports federations using consultants.

Similarly, expenditure on the *Club Development* subprogramme is expected to increase at an average annual rate of 33.2 per cent over the medium term as support for newly established clubs is expanded. The increased provision of R41.3 million for consultants in 2008/09 relates mainly to the preparation of athletes for the Olympics and Paralympics, and education and training services for newly established clubs.

## Programme 3: Mass Participation

- *Community Mass Participation* coordinates and builds capacity in mass participation programmes in identified hubs, schools and communities; promotes special projects focused on HIV and AIDS; promotes the participation of women, disabled participants and senior citizens in sport and recreation; and monitors, measures and reports on the impact of the programmes. The subprogramme includes the mass mobilisation and 2010 legacy projects, and the management, monitoring and evaluation of the mass participation conditional grant. Funds are transferred quarterly to provinces, based on provincial business plans and projected cash flows.
- *School Sport* coordinates, supports, funds, monitors and reports on mass based school sport activities and national school sport competitions. Funding is provided for national federation events that are jointly identified by Sport and Recreation South Africa and by the departments of arts and culture, and education.

## Objectives and measures

- Improve delivery of the mass participation programme in provinces by monitoring and supporting all provincial departments in the delivery of their mass sport and recreation activities.
- Increase the number of participants in sport and recreation by 20 per cent by hosting more festivals, social mobilisation programmes and sport tournaments in 2009/10.
- Contribute to the 2010 FIFA World Cup legacy by monitoring and supporting provinces and other stakeholders to deliver 45 mass mobilisation programmes by June 2010.

## Service delivery and spending focus

In 2007/08, 2.7 million people participated in sport and recreation due to opportunities provided by the *Mass Participation* programme. In addition, the employment of 2 706 hub and activity coordinators, who received a monthly stipend, contributed directly to addressing the government priority of reducing unemployment and poverty. A significant number of coordinators acquired the necessary skills to gain meaningful employment.

A heroes' walk was organised concurrently with the 16 Days of Activism for No Violence Against Women and Children in 2007 and promoted awareness of the effects of HIV and AIDS.

Through the *School Sport* subprogramme, the department assisted 8 140 school athletes to participate in competitions, 7 900 of whom participated in national events and 240 at international level. These events increased the pool of talented athletes for future national sport teams.

Over the medium term, the spending focus will continue to be on supporting and monitoring the activities of the mass sport and recreation participation programme conditional grant in the provinces. This includes the special focus areas of school sport and legacy projects.

## Expenditure estimates

**Table 17.6 Mass Participation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Community Mass Participation	34.7	124.7	207.1	317.5	427.4	445.7	474.2
School Sport	12.9	25.8	41.6	27.4	22.0	23.0	28.2
<b>Total</b>	<b>47.6</b>	<b>150.5</b>	<b>248.7</b>	<b>344.9</b>	<b>449.4</b>	<b>468.7</b>	<b>502.4</b>
Change to 2008 Budget estimate				3.4	(1.8)	(3.9)	2.0
<b>Economic classification</b>							
<b>Current payments</b>	<b>23.5</b>	<b>31.5</b>	<b>51.7</b>	<b>51.3</b>	<b>47.2</b>	<b>42.3</b>	<b>50.5</b>
Compensation of employees	2.4	1.6	3.0	4.1	5.1	5.4	5.6
Goods and services	21.1	29.9	48.6	47.1	42.0	36.9	44.8
of which:							
Advertising	1.0	1.6	3.5	3.4	3.6	2.7	3.9
Catering: Departmental activities	–	0.0	0.9	0.9	1.0	1.1	1.7
Consultants and professional services: Business and advisory services	0.9	1.1	11.3	10.9	2.9	2.0	3.1
Inventory: Other consumables	1.2	0.4	–	0.7	–	–	–
Transport provided: Departmental activities	0.8	2.0	6.2	6.1	6.0	6.8	7.2
Travel and subsistence	5.2	8.7	7.0	6.8	7.5	8.0	8.4
Training and development	0.1	0.0	0.4	0.4	0.4	0.4	0.4
Operating expenditure	0.3	0.3	0.9	0.8	0.9	1.0	1.0
Venues and facilities	11.5	15.4	18.0	16.5	19.1	14.3	18.3
<b>Transfers and subsidies</b>	<b>24.0</b>	<b>119.0</b>	<b>197.0</b>	<b>293.7</b>	<b>402.3</b>	<b>426.4</b>	<b>452.0</b>
Provinces and municipalities	24.0	119.0	194.0	293.7	402.3	426.4	452.0
Public corporations and private enterprises	0.0	0.0	0.0	–	–	–	–
Non-profit institutions	–	–	3.0	–	–	–	–
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	0.0	0.0	–	–	–	–	–
<b>Total</b>	<b>47.6</b>	<b>150.5</b>	<b>248.7</b>	<b>344.9</b>	<b>449.4</b>	<b>468.7</b>	<b>502.4</b>

Table 17.6 Mass Participation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Current</b>	<b>24.0</b>	<b>119.0</b>	<b>194.0</b>	<b>293.7</b>	<b>402.3</b>	<b>426.4</b>	<b>452.0</b>
Mass sport and recreation participation programme grant	24.0	119.0	194.0	293.7	402.3	426.4	452.0
<b>Non-profit institutions</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>3.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Sport federations	-	-	3.0	-	-	-	-

## Expenditure trends

Expenditure grew at an average annual rate of 93.5 per cent between 2005/06 and 2008/09, due mainly to the expansion of the mass participation conditional grant, the addition of the school sport element in 2006/07 and the legacy projects in 2007/08. The decline in expenditure in the *School Sport* subprogramme from 2006/07 to 2009/10 is a result of including school support services in the *Community Mass Participation* subprogramme.

Expenditure is projected to increase at an average annual rate of 13.4 per cent over the MTEF period, from R344.9 million in 2008/09 to R502.4 million in 2011/12. This increase includes the additional allocations to the mass participation conditional grant and the mass mobilisation programmes, aimed at increasing participation in sport by harnessing the interest generated by the 2010 FIFA World Cup.

Transfers to municipalities and provinces grew at an average annual rate of 130.4 per cent between 2005/06 and 2008/09 due to the additional allocations for school sport and the 2010 legacy projects. Spending is expected to grow more moderating at an average annual rate of 15.5 per cent over the medium term.

The conditional grant allocation for 2009/10 is R402 million, which consists of R187 million for legacy projects, R108 million for school sport, and R107 million for Siyadlala.

## Programme 4: International Liaison and Events

- *International Liaison* negotiates and manages government-to-government agreements and their outcomes at both the local and international level. Funding is mainly used for salaries, and other personnel related costs.
- *Major Events* coordinates and manages government's support services for hosting major events. Funding is mainly used for salaries, and other personnel related costs.

## Objectives and measures

- Maximise the probability of success of South African teams and individuals in international events by improving expertise in coaching, officiating, administration and sport science through at least 10 bilateral exchanges in 2009/10.
- Encourage peace and social cohesion by promoting sports relations and organising joint activities as a reconciliation pilot project in one post-conflict African country in 2009/10.
- Increase the number of sports tourists to South Africa by providing 4 national federations with logistical and financial assistance to host 4 international events in 2009/10, as part of the sports tourism strategy.

## Service delivery and spending focus

The department hosted the Supreme Council of Sport in Africa's Zone VI under 20 youth games in December 2008. 887 athletes from 10 countries participated in the event.



Other international events hosted by the national federations and supported by the department include: the 2007 Twenty Twenty Cricket World Cup; the Triathlon World Cup from 2006 to 2008; the 2007 Fédération Internationale de Natation World Cup (swimming); and the 2008 Women's World Cup of Golf.

The spending focus over the medium term will be on providing support to national sports federations hosting international events and developing sports tourism as a key objective of South Africa's tourism strategy.

## Expenditure estimates

**Table 17.7 International Liaison and Events**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
International Liaison	6.0	4.4	5.3	3.6	4.7	5.3	6.6
Major Events	–	0.0	6.6	38.8	13.4	18.4	19.5
<b>Total</b>	<b>6.0</b>	<b>4.5</b>	<b>11.9</b>	<b>42.5</b>	<b>18.0</b>	<b>23.7</b>	<b>26.1</b>
Change to 2008 Budget estimate				–	0.8	1.3	2.6
<b>Economic classification</b>							
<b>Current payments</b>	<b>5.9</b>	<b>4.4</b>	<b>11.5</b>	<b>42.5</b>	<b>18.0</b>	<b>23.7</b>	<b>26.1</b>
Compensation of employees	2.5	1.5	2.1	3.6	2.6	2.7	2.8
Goods and services	3.4	3.0	9.5	38.9	15.5	21.0	23.3
of which:							
Advertising	0.0	0.7	0.1	0.5	0.4	0.4	0.5
Communication	0.0	0.3	0.1	0.5	0.3	0.3	0.3
Consultants and professional services: Business and advisory services	–	1.0	0.1	5.6	5.3	6.3	6.7
Inventory: Other consumables	0.5	–	–	–	–	–	–
Travel and subsistence	2.2	0.8	2.1	9.5	3.3	4.4	4.7
Operating expenditure	0.4	0.1	0.3	1.2	0.4	0.4	1.3
Venues and facilities	0.2	0.1	6.5	20.8	5.6	7.6	8.0
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>–</b>	<b>0.4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	–	–	–	–	–	–
Non-profit institutions	–	–	0.4	–	–	–	–
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	0.1	0.0	–	–	–	–	–
<b>Total</b>	<b>6.0</b>	<b>4.5</b>	<b>11.9</b>	<b>42.5</b>	<b>18.0</b>	<b>23.7</b>	<b>26.1</b>

## Expenditure trends

Expenditure increased from R6 million in 2005/06 to R42.5 million in 2008/09. The average annual growth of 92.2 per cent over this period was mainly due to expenditure related to the 2008 Olympics and the Supreme Council for Sport in Africa Zone VI youth games. It also accounts for the 125.7 per cent average annual growth in expenditure on goods and services over this period. The programme's expenditure is expected to decrease by 57.6 per cent in 2009/10 as a result of these once-off allocations, followed by annual average growth of 20.8 per cent over the two outer years of the MTEF period.

## Programme 5: Facilities Coordination

- *Planning and Advocacy* coordinates planning for sport and recreation facilities and advocates for the provision of facilities by local authorities. Funding is mainly used for salaries, and other personnel related costs.
- *Technical Support* provides technical assistance to local authorities and other relevant stakeholders for the construction and management of facilities. It also provides equipment to establish community gymnasiums at some of these facilities.



## Objectives and measures

- Improve the provision and management of sport and recreation facilities in municipalities in 2009/10 by:
  - advocating and lobbying 100 municipalities through visits, meetings and workshops to allocate more resources for sport and recreation facilities from the municipal infrastructure grant
  - providing technical support to 100 municipalities on the construction and management of facilities
  - providing 5 mobile gyms to 5 municipalities to establish community gymnasiums.

## Service delivery and spending focus

In 2007/08, sports facilities in 156 municipalities were audited to determine the number of existing and required facilities by type, location, ownership and condition. This audit informed the norms and standards for sport and recreation infrastructure that were developed in 2008/09.

A basic and advanced facility management programme was presented to 25 municipalities. 5 mobile team training systems (mobile gymnasiums) were provided to 5 local municipalities in 2008/09, allowing each municipality to establish community gymnasiums.

Over the medium term, the programme will continue its support to municipalities to provide more community sports facilities and to establish mobile gymnasiums in 5 more municipalities.

## Expenditure estimates

**Table 17.8 Facilities Coordination**

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2008/09			
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Planning and Advocacy	0.2	1.7	2.1	2.2	2.8	2.8	3.1
Technical Support	0.0	0.2	1.7	3.6	3.7	3.9	5.1
<b>Total</b>	<b>0.2</b>	<b>1.9</b>	<b>3.8</b>	<b>5.8</b>	<b>6.5</b>	<b>6.7</b>	<b>8.1</b>
Change to 2008 Budget estimate				(0.3)	0.0	(0.0)	1.0

  

Economic classification							
<b>Current payments</b>	<b>0.2</b>	<b>1.9</b>	<b>3.8</b>	<b>4.8</b>	<b>3.6</b>	<b>3.7</b>	<b>4.9</b>
Compensation of employees	–	0.9	1.1	1.7	1.9	2.0	2.1
Goods and services	0.2	1.0	2.8	3.1	1.7	1.7	2.8
of which:							
Consultants and professional services: Business and advisory services	0.0	0.2	0.4	0.5	0.5	0.5	0.6
Travel and subsistence	0.0	0.2	2.0	2.3	0.6	0.6	1.1
Operating expenditure	0.1	0.5	0.0	0.0	0.3	0.3	0.3
Venues and facilities	0.0	0.1	0.1	0.1	0.2	0.2	0.6
<b>Payments for capital assets</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>1.0</b>	<b>2.9</b>	<b>3.1</b>	<b>3.2</b>
Machinery and equipment	0.0	–	–	1.0	2.9	3.1	3.2
<b>Total</b>	<b>0.2</b>	<b>1.9</b>	<b>3.8</b>	<b>5.8</b>	<b>6.5</b>	<b>6.7</b>	<b>8.1</b>

## Expenditure trends

Expenditure increased from R0.2 million in 2005/06 to R5.8 million in 2008/09 at an average annual rate of 192.1 per cent. It is expected to increase to R8.1 million in 2011/12 at an average annual rate of 11.9 per cent. Since 2007/08, the programme has focused on assisting municipalities with planning and managing facilities. This accounts for the 167.5 per cent growth in expenditure on goods and services in 2007/08, due mainly to the increased spending on consultants, and travel and subsistence.

In 2007/08, the *Technical Support* subprogramme began to provide mobile gymnasiums to local municipalities, which accounts for the projected increase in this subprogramme's expenditure at an average annual rate of 12.1 per cent. Over the medium term, it is expected that expenditure in machinery and equipment will increase at an average annual rate of 47.9 cent per year.

## Programme 6: 2010 FIFA World Cup Unit

- *Technical* deals with infrastructure related to the 2010 FIFA World Cup, and transfers the 2010 FIFA World Cup stadiums development grant to municipalities. As part of the national consultative technical team, it liaises with FIFA and the South African local organising committee's technical committees on stadium development requirements. These include:
  - ensuring that stadium authorities and host cities comply with conditional grant requirements for developing stadiums
  - providing guidance on and monitoring the rollout of infrastructure projects, such as transport networks, ICT and other support services by municipalities and relevant departments
  - ensuring effective and transparent tender and procurement processes in the overall 2010 FIFA World Cup infrastructure programme
  - coordinating and resolving any problems that may hinder progress in meeting deadlines for delivering infrastructure.
- *Non-Technical* deals with advocacy programmes and institutional support for staging the event. Funding is mainly used for salaries, and other personnel related costs.

The subprogramme needs to:

- ensure that an effective and enabling legislative environment is created to meet the requirements of FIFA and the local organising committee
- collaborate with relevant stakeholders in implementing joint advocacy programmes, such as the fan parks
- assess and monitor preparation projects by the different units in the Department of Health, the Department of Safety and Security (for disaster management and emergencies) and the Department of Home Affairs (on immigration, visas and work permits)
- prepare consolidated reports for the technical coordinating committee and interministerial committee meetings, and provide secretarial support to these committees
- ensure that all relevant government entities participate in the local organising committee forums and FIFA organised events in and outside South Africa.

### Objectives and measures

- Ensure that all approved competition venues are completed by December 2009 by monitoring progress and ensuring that all role players deliver on their assigned responsibilities, as indicated in the funding agreement and the construction programme.
- Align 2010 FIFA World Cup programmes with broad government strategic objectives and the Accelerated and Shared Growth Initiative for South Africa by monitoring the social impact of the stadium construction programme, focusing on the number of jobs created and small enterprises involved in the procurement process.

### Service delivery and spending focus

The FIFA stadiums inspection tour in February 2008 resulted in FIFA's approval of progress and preparations to date. By the end of December 2008, all targets relating to the 17 government guarantees signed with FIFA had been met within the agreed timeframe.

Following completion of the planning and design phase in 2006, the new 2010 stadiums are currently between 60 and 80 per cent complete. The upgraded stadiums are between 90 and 100 per cent complete.

Approximately 130 000 employment opportunities have been created as a result of the forthcoming 2010 FIFA World Cup. Benefits of approximately R1.5 billion have accrued mainly to lower income households.

A 2010 FIFA World Cup exhibition was held at Soccerex to promote awareness of government preparations for the event. 500 to 1 000 people visited the exhibition daily.

The medium term focus of this programme will be to ensure that all stadium projects are completed on schedule for both the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup.

## Expenditure estimates

**Table 17.9 2010 FIFA World Cup Unit**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Technical	243.5	603.9	4 605.1	4 298.6	2 171.8	513.3	–
Non-Technical	–	–	10.8	16.5	27.4	44.7	4.4
<b>Total</b>	<b>243.5</b>	<b>603.9</b>	<b>4 615.9</b>	<b>4 315.1</b>	<b>2 199.3</b>	<b>558.0</b>	<b>4.4</b>
Change to 2008 Budget estimate				1 399.0	289.1	254.8	(0.1)

### Economic classification

<b>Current payments</b>	<b>2.0</b>	<b>3.9</b>	<b>10.9</b>	<b>20.1</b>	<b>15.6</b>	<b>5.4</b>	<b>4.4</b>
Compensation of employees	1.4	3.2	4.9	4.2	5.7	3.0	–
Goods and services	0.5	0.7	6.0	16.0	9.9	2.4	4.4
of which:							
Advertising	–	–	1.1	2.9	1.5	–	–
Catering: Departmental activities	0.0	0.0	0.2	0.5	0.6	0.2	–
Communication	0.0	0.0	0.2	0.5	0.4	0.1	–
Consultants and professional services: Business and advisory services	–	0.0	1.3	3.5	3.1	–	3.1
Travel and subsistence	–	0.4	1.1	3.0	1.5	0.5	0.5
Operating expenditure	0.5	0.1	1.1	2.8	1.5	0.8	0.5
Venues and facilities	–	0.1	0.7	1.9	0.9	0.5	–
<b>Transfers and subsidies</b>	<b>241.5</b>	<b>600.0</b>	<b>4 605.0</b>	<b>4 295.0</b>	<b>2 183.7</b>	<b>552.6</b>	<b>–</b>
Provinces and municipalities	0.0	600.0	4 605.0	4 295.0	2 168.7	512.6	–
Public corporations and private enterprises	241.5	–	–	–	–	–	–
Foreign governments and international organisations	–	–	–	–	15.0	40.0	–
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	0.0	0.0	–	–	–	–	–
<b>Total</b>	<b>243.5</b>	<b>603.9</b>	<b>4 615.9</b>	<b>4 315.1</b>	<b>2 199.3</b>	<b>558.0</b>	<b>4.4</b>

### Details of selected transfers and subsidies

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Capital</b>	<b>–</b>	<b>600.0</b>	<b>4 605.0</b>	<b>4 295.0</b>	<b>2 168.7</b>	<b>512.6</b>	<b>–</b>
2010 FIFA World Cup stadiums development grant	–	600.0	4 605.0	4 295.0	1 661.1	302.3	–
2010 World Cup host city operating grant	–	–	–	–	507.6	210.3	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>241.5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Development Bank of Southern Africa	241.5	–	–	–	–	–	–
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>15.0</b>	<b>40.0</b>	<b>–</b>
FIFA	–	–	–	–	15.0	40.0	–

## Expenditure trends

Expenditure grew from R243.5 million in 2005/06 to R4.3 billion in 2008/09 at an average annual rate of 160.7 per cent. This relates to upgrading and constructing stadiums for the 2010 FIFA World Cup. The actual construction of stadiums began in 2007/08, which accounts for the 664.3 per cent growth in expenditure in that

year. Expenditure is projected to decline over the MTEF period at an annual average rate of 89.9 per cent, with only a few activities remaining by 2011/12 after the end of the event in 2010.

The *Non-Technical* subprogramme is expected to grow by 66.3 per cent in 2009/10 and 63 per cent in 2010/11 as preparations for the 2010 FIFA World Cup increase. After that, expenditure in this subprogramme is projected to decrease by 90.2 per cent in 2011/12.

The new 2010 FIFA World Cup host city operating grant will be introduced in 2009/10 to assist host cities with their final preparations, including constructing fan parks and viewing areas, developing the stadium precinct, and training volunteers. To this end, allocations of R507.6 million in 2009/10 and R210.3 million in 2010/11 will be made.

A transfer to FIFA is introduced in 2009/10 and 2010/11 (R15 million and R40 million) as a refund for VAT paid for tickets to the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup.

## Additional tables

**Table 17.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	85.4	80.7	82.5	83.3	3.3	86.6	85.1
2. Sport Support Services	94.7	97.8	85.1	106.6	8.1	114.8	107.8
3. Mass Participation	250.6	249.0	248.7	341.6	3.4	344.9	329.4
4. International Liaison and Events	3.7	12.1	11.9	42.5	–	42.5	42.1
5. Facilities Coordination	5.8	5.6	3.8	6.1	(0.3)	5.8	5.8
6. 2010 FIFA World Cup Unit	2 717.0	4 622.0	4 615.9	2 916.1	1 399.0	4 315.1	4 314.5
<b>Total</b>	<b>3 157.2</b>	<b>5 067.2</b>	<b>5 048.0</b>	<b>3 496.2</b>	<b>1 413.4</b>	<b>4 909.7</b>	<b>4 884.7</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>197.6</b>	<b>199.1</b>	<b>185.6</b>	<b>252.8</b>	<b>8.8</b>	<b>261.6</b>	<b>251.6</b>
Compensation of employees	51.1	46.1	43.4	62.3	(2.1)	60.2	57.2
Goods and services	146.6	153.0	142.0	190.5	10.9	201.4	194.4
Financial transactions in assets and liabilities	–	–	0.2	–	–	–	–
<b>Transfers and subsidies</b>	<b>2 958.6</b>	<b>4 865.1</b>	<b>4 859.5</b>	<b>3 240.2</b>	<b>1 404.7</b>	<b>4 644.9</b>	<b>4 629.9</b>
Provinces and municipalities	2 894.0	4 799.0	4 799.0	3 185.0	1 403.7	4 588.7	4 573.7
Departmental agencies and accounts	16.2	16.2	10.5	7.5	–	7.5	7.5
Public corporations and private enterprises	0.1	21.5	0.1	0.1	–	0.1	0.1
Non-profit institutions	23.3	28.0	24.7	21.4	1.0	22.4	22.4
Households	25.0	0.4	25.0	26.2	–	26.2	26.2
<b>Payments for capital assets</b>	<b>1.0</b>	<b>3.1</b>	<b>2.9</b>	<b>3.2</b>	<b>–</b>	<b>3.2</b>	<b>3.2</b>
Buildings and other fixed structures	–	–	0.1	–	–	–	–
Machinery and equipment	1.0	3.1	2.8	3.2	–	3.2	3.2
Software and intangible assets	–	–	0.1	–	–	–	–
<b>Total</b>	<b>3 157.2</b>	<b>5 067.2</b>	<b>5 048.0</b>	<b>3 496.2</b>	<b>1 413.4</b>	<b>4 909.7</b>	<b>4 884.7</b>

**Table 17.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	26.9	30.1	42.6	59.3	66.4	66.7	66.7
Unit cost (R million)	0.2	0.1	0.2	0.3	0.3	0.3	0.3
Personnel numbers (head count)	157	211	193	228	228	228	228
<b>Interns</b>							
Compensation of interns (R million)	–	–	0.9	1.0	1.6	1.7	1.7
Unit cost (R million)	–	–	0.1	0.1	0.1	0.1	0.1
Number of interns	–	–	12	12	23	23	23
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>26.9</b>	<b>30.1</b>	<b>43.4</b>	<b>60.2</b>	<b>67.9</b>	<b>68.4</b>	<b>68.4</b>
<b>Unit cost (R million)</b>	<b>0.2</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
<b>Personnel numbers (head count)</b>	<b>157</b>	<b>211</b>	<b>205</b>	<b>240</b>	<b>251</b>	<b>251</b>	<b>251</b>

**Table 17.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	26.9	30.1	43.4	60.2	68.4	69.0	69.1
Training expenditure (R million)	0.4	0.5	0.9	1.1	1.2	1.3	1.4
Training as percentage of compensation	1.5%	1.7%	2.2%	1.9%	1.8%	1.9%	2.0%
Total number trained in department (head count)	34	99	349	352			
<i>of which:</i>							
Employees receiving bursaries (head count)	4	2	6	32			
Leaverships trained (head count)	–	6	–	–			
Internships trained (head count)	–	–	12	11			

**Table 17.D Summary of conditional grants to provinces and municipalities<sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Conditional grants to provinces</b>							
<b>3. Mass Participation</b>							
Mass sport and recreation participation programme grant	24.0	119.0	194.0	293.7	402.3	426.4	452.0
<b>Total</b>	<b>24.0</b>	<b>119.0</b>	<b>194.0</b>	<b>293.7</b>	<b>402.3</b>	<b>426.4</b>	<b>452.0</b>
<b>6. 2010 FIFA World Cup Unit</b>							
2010 FIFA World Cup stadiums development grant	–	600.0	4 605.0	4 295.0	1 661.1	302.3	–
2010 FIFA World Cup host city operating grant	–	–	–	–	507.6	210.3	–
<b>Total</b>	<b>–</b>	<b>600.0</b>	<b>4 605.0</b>	<b>4 295.0</b>	<b>2 168.7</b>	<b>512.6</b>	<b>–</b>

1. Detail provided in the Division of Revenue Act (2009)

Table 17.E Summary of expenditure on infrastructure

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)											
2010 FIFA World Cup stadiums development grant	Construction and refurbishing of stadiums	Conditional grant to selected municipalities for the construction and refurbishment of stadiums in preparation for the 2010 FIFA World Cup	Construction	11 463.4	–	600.0	4 605.0	4 295.0	1 661.1	302.3	–
Small projects or programmes (costing less than R50 million per annum)											
Photo paintings	Heritage assets		–	–	–	–	0.1	–	–	–	–
Total				11 463.4	–	600.0	4 605.1	4 295.0	1 661.1	302.3	–





# Vote 18

## Correctional Services

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	3 478.1	3 371.7	11.0	95.3	3 833.3	4 166.1
Security	4 425.3	4 384.7	2.1	38.5	4 779.9	5 025.0
Corrections	1 112.1	1 087.6	21.1	3.4	1 191.1	1 282.9
Care	1 591.8	1 580.5	–	11.2	1 745.6	1 963.4
Development	448.7	421.4	–	27.2	469.4	498.7
Social Reintegration	425.9	421.0	3.7	1.2	446.4	449.6
Facilities	1 756.8	634.3	–	1 122.5	1 802.8	4 713.1
<b>Total expenditure estimates</b>	<b>13 238.6</b>	<b>11 901.2</b>	<b>37.8</b>	<b>1 299.5</b>	<b>14 268.6</b>	<b>18 098.7</b>
Executive authority	Minister of Correctional Services					
Accounting officer	National Commissioner of Correctional Services					
Website address	www.dcs.gov.za					

### Aim

*The aim of the Department of Correctional Services is to contribute to maintaining and protecting a just, peaceful and safe society by enforcing court imposed sentences, detaining inmates in safe custody while maintaining their human dignity and developing their sense of social responsibility, and promoting the general development of all inmates and persons subject to community corrections.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide the administrative, management, financial, information and communication technology, research, policy coordination and good governance support functions necessary for all service delivery by the department and in support of the functions of the ministry.

#### Programme 2: Security

**Purpose:** Provide safe and healthy conditions for all persons incarcerated, consistent with human dignity, in support of security for personnel and the public.

#### Programme 3: Corrections

**Purpose:** Provide needs based correctional sentence plans and interventions, based on an assessment of the security risk and criminal profile of individuals, targeting all elements associated with offending behaviour, and focusing on the offence for which a person is sentenced to correctional supervision, remanded in a correctional centre or paroled.

## **Programme 4: Care**

**Purpose:** Provide needs based care programmes and services aimed at maintaining the personal wellbeing of incarcerated persons in the department's care.

## **Programme 5: Development**

**Purpose:** Provide needs based personal development programmes and services to all offenders.

## **Programme 6: Social Reintegration**

**Purpose:** Provide services focused on: offenders' preparation for release; their effective supervision after release on parole and correctional supervision as well as direct sentences to correctional supervision; and the facilitation of their social reintegration into their communities.

## **Programme 7: Facilities**

**Purpose:** Physical infrastructure that supports safe and secure custody, humane conditions, and corrective services, care, development and general administration.

## **Strategic overview: 2005/06 – 2011/12**

The Department of Correctional Services aims to contribute to maintaining and promoting a just, peaceful and safe society through correcting offending behaviour in a secure, safe and humane environment, thus facilitating optimal rehabilitation and reduced repeat offending.

In 2005, Parliament approved the White Paper on Corrections in South Africa, aimed at aligning corrections with national transformation objectives. The department intends to refine all its activities to ensure that offenders who leave correctional centres have appropriate attitudes and competencies to successfully integrate back into society as productive citizens.

The department developed strategic objectives and priorities to facilitate the implementation of the white paper. In 2006/07, six priority areas were identified: amending the Correctional Services Act (1998); implementing the occupation specific dispensation; developing infrastructure; managing human resources; implementing the seven-day establishment; and improving the delivery of health services.

In 2007/08, the department adopted a portfolio management strategy to implement the recommendations of the white paper, over the medium term and beyond. The department coordinates service delivery across programmes and projects, including priority projects, through a portfolio management process. The programmes within each portfolio will be implemented by categorising projects as short term (one to three years), medium term (three to five years) and long term (five to fifteen years).

As part of the portfolio management strategy, three major portfolios have been identified: crime prevention; infrastructural development; and organisational development.

### **Crime prevention**

The crime prevention portfolio aims to create an environment conducive to the restoration and promotion of corrections as a societal responsibility. It incorporates major programmes such as: the remand detention management system; the rehabilitation of inmates; safe, secure and humane conditions of incarceration; and community mobilisation. Projects for implementing the programmes include: developing a regulatory framework for remand detention management; installing an inmate tracking system; conducting a nutritional services feasibility study; and developing an integrated security technology framework.

### **Infrastructure development**

The infrastructure development portfolio aims to promote rehabilitation through developing appropriate infrastructure and technology. It incorporates major programmes such as infrastructure development, technology

strategy, and IT infrastructure. Key projects include establishing remand detention and social reintegration facilities, and procuring five public private partnership correctional centres and basic ICT infrastructure.

### Organisational development

The organisational development portfolio aims to promote improved service delivery in the department driven by adequate resources. The portfolio includes major capacity building programmes, organisational control programmes and the master information systems plan. Some of the projects to be implemented under this portfolio include establishing a professional correctional services body, an electronic document and records management system, and a video arraignment system. The video arraignment system is a remand system that will enable the department to avoid transporting offenders to court just to have their cases postponed. It is a joint project between the Department of Justice, the South African Police Service and the Department of Correctional Services.

### Legislation and policy

The amendments to the Correctional Services Act (1998) came into effect in November 2008. Key objectives of the amendments are to provide for the efficient management of correctional centres, improve security measures in the department's correctional centres, manage information, and prevent inmate escapes. The amendments will have implications for the department's spending in these areas. Other key policy developments that will impact on the department's spending plans include the management of awaiting trial detainees, correctional programmes, and policies relating to offenders with disabilities.

## Selected performance and operations indicators

**Table 18.1 Correctional Services**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of escapes from departmental facilities (per 10 000 inmates) each year	Security	7	6	5	5	4	4	4
Number of assaults in departmental facilities (per 10 000 inmates) each year	Security	127	113	52	92	83	74	68
Percentage of overcrowding in departmental facilities	Corrections	42% (47 992)	39% (44 344)	42% (48 332)	42% (48 681)	40% (47 074)	41% (48 216)	28% (37 219)
Percentage of offenders with sentences longer than 24 months with correctional sentence plans (calculated against the projected average of 100 882 incarcerated offenders per year)	Corrections	–	–	1.4% (1 400)	2.8% (2 800)	5.6% (5 600)	8.3% (8 400)	13.2% (13 310)
Number of offenders on antiretroviral treatment each year	Care	–	1 528	3 618	4 180	5 100	5 700	6 300
Number of offenders participating in literacy programmes each year	Development	664	696	1 388	1 735	2 082	2 394	2 633
Percentage of total offender population participating in skills development programmes	Development	5.2% (8 502)	10.1% (16 212)	25.5% (41 625)	26.8% (43 706)	27.8% (45 891)	28.9% (48 186)	30% (50 595)
Percentage of parole violations (calculated against the total parole population)	Social Reintegration	35.1% (8 005/ 22 842)	32.4% (8 790/ 27 093)	33.7% (10 746/ 31 884)	19.1% (6 529/ 34 190)	28.1% (10 564/ 37 609)	25.1% (10 354/ 41 370)	22.2% (10 147/ 45 507)
Percentage of probationers (calculated against the total number of incarcerated offenders)	Social Reintegration	12.2% (14 204/ 116 277)	14.6% (16 662/ 114 035)	15.9% (17 925/ 113 068)	16.7% (18 879/ 113 262)	16.8% (19 823/ 117 992)	17.5% (20 814/ 118 600)	18.3% (21 854/ 119 365)
Number of new bed spaces for sentenced offenders	Facilities	–	–	–	–	3 338	608	12 765
Number of new correctional centres	Facilities	0	0	0	0	1	0	4

## Expenditure estimates

**Table 18.2 Correctional Services**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	2 545.7	2 562.8	2 857.7	3 169.8	3 169.8	3 478.1	3 833.3	4 166.1
2. Security	3 051.6	2 932.0	3 732.3	4 176.8	4 176.8	4 425.3	4 779.9	5 025.0
3. Corrections	613.6	722.0	909.3	1 062.1	1 062.1	1 112.1	1 191.1	1 282.9
4. Care	1 028.1	1 090.7	1 263.8	1 416.9	1 416.9	1 591.8	1 745.6	1 963.4
5. Development	478.3	347.1	365.9	447.0	447.0	448.7	469.4	498.7
6. Social Reintegration	301.3	319.2	370.8	412.7	412.7	425.9	446.4	449.6
7. Facilities	1 612.6	1 277.5	1 622.5	1 653.6	1 653.6	1 756.8	1 802.8	4 713.1
<b>Total</b>	<b>9 631.2</b>	<b>9 251.2</b>	<b>11 122.4</b>	<b>12 338.8</b>	<b>12 338.8</b>	<b>13 238.6</b>	<b>14 268.6</b>	<b>18 098.7</b>
Change to 2008 Budget estimate				667.0	667.0	586.1	(981.8)	1 876.9

**Economic classification**

<b>Current payments</b>	<b>7 553.3</b>	<b>8 275.7</b>	<b>9 908.6</b>	<b>11 045.9</b>	<b>11 045.9</b>	<b>11 901.2</b>	<b>12 896.2</b>	<b>13 823.1</b>
Compensation of employees	5 091.8	5 606.6	6 799.2	7 604.6	7 604.6	8 292.4	8 816.6	9 259.1
Goods and services	2 447.2	2 665.3	3 106.8	3 441.2	3 441.2	3 608.8	4 079.5	4 563.9
<i>of which:</i>								
Administrative fees	3.5	6.3	6.6	47.6	5.6	8.1	9.1	9.9
Advertising	11.0	18.8	15.6	9.2	9.2	9.7	10.5	11.5
Assets less than R5 000	61.8	86.4	76.5	114.2	114.2	119.4	127.8	138.7
Audit costs: External	18.5	21.2	24.3	31.8	31.8	33.5	35.9	39.4
Bursaries (employees)	3.5	3.7	4.9	4.2	4.2	4.5	4.8	5.2
Catering: Departmental activities	1.3	1.9	4.9	6.7	6.7	7.0	7.5	8.2
Communication	82.1	79.9	87.9	83.9	83.9	88.2	94.0	101.1
Computer services	66.1	84.3	76.3	76.6	76.6	80.6	86.3	94.5
Consultants and professional services:	38.7	23.4	25.4	158.9	158.9	177.6	188.8	203.0
Business and advisory services								
Consultants and professional services:	1.6	1.1	1.5	0.9	0.9	1.0	1.0	1.1
Infrastructure and planning								
Consultants and professional services:	7.7	9.9	10.6	12.7	12.7	13.4	14.3	15.2
Laboratory service								
Consultants and professional services:	9.8	11.4	9.6	10.8	10.8	11.4	12.2	13.4
Legal costs								
Contractors	128.0	112.8	134.0	275.7	135.7	67.5	135.0	179.6
Agency and support / outsourced services	116.0	185.9	288.3	347.5	347.5	365.1	391.4	416.6
Government motor transport (Trading account)	–	–	–	15.3	15.3	16.1	17.2	18.9
Inventory: Food and food supplies	399.9	390.4	430.1	233.5	375.5	323.2	396.2	534.0
Inventory: Fuel, oil and gas	19.3	22.6	16.7	19.1	19.1	20.2	21.7	23.5
Inventory: Learner and teacher support material	0.2	0.8	0.7	2.8	2.8	3.1	3.4	3.6
Inventory: Materials and supplies	94.7	73.9	115.8	128.7	128.7	124.1	145.6	157.2
Inventory: Medical supplies	24.1	26.6	31.2	41.3	41.3	59.5	67.7	76.7
Inventory: Military stores	1.9	4.8	0.8	0.1	0.1	0.1	0.1	0.1
Inventory: Other consumables	190.0	207.2	227.1	215.4	215.4	227.5	272.7	293.5
Inventory: Stationery and printing	40.0	38.4	45.4	64.8	64.8	62.4	68.3	70.7
Lease payments	340.7	714.6	825.4	903.5	943.5	1 019.3	1 075.2	1 139.3
Owned and leasehold property expenditure	527.4	263.4	352.9	376.2	376.2	495.5	603.4	696.5
Transport provided: Departmental activities	7.4	11.3	4.2	2.0	2.0	2.2	2.3	2.5
Travel and subsistence	178.1	208.6	242.0	220.7	220.7	229.9	245.4	264.9
Operating expenditure	65.5	44.7	34.0	12.2	12.2	12.8	13.7	14.7
Venues and facilities	7.6	10.3	13.5	23.8	23.8	25.1	26.9	29.2
Interest and rent on land	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Financial transactions in assets and liabilities	14.3	3.7	2.6	–	–	–	–	–

Table 18.2 Correctional Services (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>47.5</b>	<b>36.1</b>	<b>33.2</b>	<b>35.3</b>	<b>35.3</b>	<b>37.8</b>	<b>40.1</b>	<b>42.5</b>
Provinces and municipalities	17.0	5.3	2.1	5.8	5.8	6.0	6.4	6.8
Departmental agencies and accounts	3.5	3.2	3.5	4.3	4.3	4.7	5.0	5.3
Public corporations and private enterprises	0.2	0.2	0.2	–	–	0.3	0.3	0.3
Households	26.8	27.4	27.5	25.2	25.2	26.9	28.5	30.1
<b>Payments for capital assets</b>	<b>2 030.4</b>	<b>939.4</b>	<b>1 180.5</b>	<b>1 257.6</b>	<b>1 257.6</b>	<b>1 299.5</b>	<b>1 332.3</b>	<b>4 233.2</b>
Buildings and other fixed structures	1 055.6	794.8	1 087.0	1 099.8	1 099.8	1 120.5	1 137.9	4 030.1
Machinery and equipment	974.7	144.6	87.5	157.8	157.8	179.0	194.4	203.1
Biological and cultivated assets	0.0	–	–	–	–	–	–	–
Software and other intangible assets	0.0	–	6.0	–	–	–	–	–
<i>of which: Capitalised compensation</i>	<i>14.9</i>	<i>15.9</i>	<i>12.0</i>	<i>12.7</i>	<i>12.7</i>	<i>13.7</i>	<i>14.4</i>	<i>15.2</i>
<b>Total</b>	<b>9 631.2</b>	<b>9 251.2</b>	<b>11 122.4</b>	<b>12 338.8</b>	<b>12 338.8</b>	<b>13 238.6</b>	<b>14 268.6</b>	<b>18 098.7</b>

## Expenditure trends

Expenditure grew at an average annual rate of 8.6 per cent from 2005/06 to 2008/09, and is projected to grow at an average annual rate of 13.6 per cent over the MTEF period, peaking at R18.1 billion in 2011/12. This is as a result of additional allocations over the medium term for the following:

- implementing the seven-day establishment (R300 million per year)
- inflation related adjustments in compensation of employees (R419.5 million, R409.7 million, and R415.4 million)
- inflation related adjustments in payments for capital assets (R54 million, R167 million, and R214 million)
- an adjustment of R1.2 billion to the 2011/12 baseline as a capital contribution to the public private partnership facilities.

The *Corrections* programme grew at an average annual rate of 20.1 per cent between 2005/06 and 2008/09, following the implementation of the requirements of the white paper, such as correctional supervision and parole boards, case management committees, and correctional intervention and assessment teams.

The 26.8 per cent growth in total expenditure between 2010/11 and 2011/12 is mainly due to the allocation of additional funds for the construction of four new public private partnership correctional facilities at Paarl, East London, Klerksdorp and Nigel. This allocation also explains the growth of 161.4 per cent in the *Facilities* programme spending and 253.7 per cent in payments for capital assets in 2011/12. The increase of 80.3 per cent in machinery and equipment in 2008/09 was due to the installation of fences and television monitors at correctional facilities.

Spending on compensation of employees increased at an average annual rate of 14.3 per cent between 2005/06 and 2008/09. This was mainly due to improved conditions of service and an increase in personnel, from 36 311 in 2005/06 to 46 083 in 2008/09, to implement the recommendations of the white paper and establish the seven-day facility. Provision is made for a 5 per cent vacancy rate in 2008/09, declining to 3 per cent in 2009/10.

## Savings and reprioritisation

Savings of R187.1 million in 2009/10, R206 million in 2010/11 and R229 million in 2011/12 have been identified in goods and services and transfers to public entities. It is estimated that the department will realise savings of R720 million per year on overtime when the seven-day establishment is implemented.

## Infrastructure

Delays in the delivery of new generation correctional centres resulted in infrastructure funds being suspended from the department's capital works programme in 2006/07. The new Kimberley correctional centre, providing 3 000 bed spaces, started in 2006/07 and is set to be completed in 2009. Feasibility studies for the centres at Paarl, East London, Port Shepstone, Klerksdorp and Nigel concluded that the public private partnership option

was the preferred method of procurement. The final request for proposals closed in November 2008. Allocations are accordingly made in 2011/12 as a capital contribution towards four of the centres. In addition, 1 711 more bed spaces will be created in existing facilities over the MTEF period.

## Departmental receipts

Revenue grew at an average annual rate of 16.3 per cent, from R83.3 million in 2005/06 to R131.2 million in 2008/09. It is expected to grow at an average annual rate of 5 per cent over the medium term, with revenue targets of R135.3 million in 2009/10, R143.4 million in 2010/11, and R152 million in 2011/12.

Revenue is mostly generated from selling products made in correctional centre workshops, hiring out offender labour, and letting official personnel accommodation. A portion of the revenue from offender labour is paid to inmates as a gratuity. The decrease in revenue from 2007/08 to 2008/09 is because rentals for department accommodation were wrongfully deducted from staff salaries in 2007/08, and staff had to be refunded.

**Table 18.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>83 250</b>	<b>100 034</b>	<b>136 313</b>	<b>131 154</b>	<b>131 154</b>	<b>135 285</b>	<b>143 402</b>	<b>152 006</b>
Sales of goods and services produced by department	35 919	40 557	68 725	57 853	57 853	60 165	63 775	67 601
Sales of scrap, waste, arms and other used current goods	1 187	3 792	8 700	7 720	7 720	8 028	8 510	9 021
Fines, penalties and forfeits	14 685	13 916	15 030	19 984	19 984	20 783	22 030	23 352
Interest, dividends and rent on land	488	709	400	289	289	300	318	337
Sales of capital assets	51	317	205	1 069	1 069	1	1	1
Financial transactions in assets and liabilities	30 920	40 743	43 253	44 239	44 239	46 008	48 768	51 694
<b>Total</b>	<b>83 250</b>	<b>100 034</b>	<b>136 313</b>	<b>131 154</b>	<b>131 154</b>	<b>135 285</b>	<b>143 402</b>	<b>152 006</b>

## Programme 1: Administration

### Expenditure estimates

**Table 18.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	1.0	0.8	1.0	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.8	0.6	0.9	1.3	1.4	1.5	1.6
Management	236.4	279.8	315.1	338.7	360.6	385.5	414.7
Corporate Services	699.8	770.9	856.0	968.7	1 030.7	1 101.9	1 185.3
Finance	628.8	647.5	679.3	667.0	661.1	807.8	873.2
Central Services	414.3	258.5	256.8	343.3	419.8	390.5	420.0
Property Management	564.7	604.7	748.6	849.2	1 002.8	1 144.4	1 269.5
<b>Total</b>	<b>2 545.7</b>	<b>2 562.8</b>	<b>2 857.7</b>	<b>3 169.8</b>	<b>3 478.1</b>	<b>3 833.3</b>	<b>4 166.1</b>
Change to 2008 Budget estimate				58.3	104.7	228.3	288.4

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



Table 18.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>2 184.9</b>	<b>2 450.3</b>	<b>2 804.2</b>	<b>3 084.2</b>	<b>3 371.7</b>	<b>3 715.0</b>	<b>4 044.1</b>
Compensation of employees	1 087.3	1 203.2	1 330.6	1 514.6	1 620.6	1 721.1	1 819.2
Goods and services	1 083.3	1 243.3	1 471.0	1 569.6	1 751.0	1 993.8	2 224.8
<i>of which:</i>							
Administrative fees	3.4	6.1	6.5	5.3	5.6	6.0	6.6
Advertising	10.9	18.7	13.5	9.1	9.6	10.3	11.3
Assets less than R5 000	21.6	47.1	35.3	78.7	82.9	88.8	97.4
Audit costs: External	18.4	21.2	24.3	31.8	33.5	35.9	39.4
Bursaries (employees)	3.5	3.7	4.9	4.2	4.5	4.8	5.2
Catering: Departmental activities	1.1	1.2	3.3	4.5	4.8	5.1	5.6
Communication	48.3	47.2	51.7	36.4	38.3	41.1	45.1
Computer services	66.1	84.3	76.3	72.7	76.6	82.1	90.1
Consultants and professional services:	30.7	22.8	19.4	83.3	98.8	105.1	114.2
Business and advisory service							
Consultants and professional services:	9.8	11.4	9.6	10.8	11.4	12.2	13.4
Legal costs							
Contractors	58.9	30.4	44.4	23.7	25.0	26.8	29.4
Agency and support / outsourced services	7.7	28.1	57.5	41.6	43.8	46.9	51.5
Government motor transport (Trading account)	–	–	–	14.9	15.6	16.8	18.4
Inventory: Fuel, oil and gas	11.5	12.4	8.5	10.6	11.2	12.0	13.2
Inventory: Materials and supplies	23.8	14.2	61.7	73.7	67.6	83.2	91.3
Inventory: Medical supplies	3.3	3.7	2.1	5.8	22.1	27.6	34.2
Inventory: Military stores	1.8	4.7	0.6	–	–	–	–
Inventory: Other consumables	36.1	66.2	79.6	49.8	33.9	67.2	73.9
Inventory: Stationery and printing	25.1	23.1	27.2	4.7	5.0	5.3	5.9
Lease payments	8.6	354.7	410.3	485.8	511.8	548.6	601.7
Owned and leasehold property expenditure	524.5	259.5	348.2	375.4	494.7	602.4	695.5
Transport provided: Departmental activities	4.9	7.3	3.4	1.9	2.0	2.1	2.3
Travel and subsistence	115.4	139.4	158.0	123.7	130.3	139.7	153.2
Operating expenditure	43.4	27.5	16.5	2.3	2.4	2.6	2.8
Venues and facilities	4.0	7.7	7.6	18.0	19.0	20.4	22.3
Interest and rent on land	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Financial transactions in assets and liabilities	14.3	3.7	2.6	–	–	–	–
<b>Transfers and subsidies</b>	<b>9.6</b>	<b>7.6</b>	<b>8.7</b>	<b>10.1</b>	<b>11.0</b>	<b>11.7</b>	<b>12.4</b>
Provinces and municipalities	4.4	2.2	2.1	5.8	6.0	6.4	6.8
Departmental agencies and accounts	3.5	3.2	3.5	4.3	4.7	5.0	5.3
Public corporations and private enterprises	0.2	0.2	0.2	–	0.3	0.3	0.3
Households	1.5	2.1	3.0	–	0.0	0.0	0.0
<b>Payments for capital assets</b>	<b>351.2</b>	<b>104.9</b>	<b>44.8</b>	<b>75.5</b>	<b>95.3</b>	<b>106.7</b>	<b>109.7</b>
Machinery and equipment	351.1	104.9	38.8	75.5	95.3	106.7	109.7
Biological and cultivated assets	0.0	–	–	–	–	–	–
Software and other intangible assets	0.0	–	6.0	–	–	–	–
<b>Total</b>	<b>2 545.7</b>	<b>2 562.8</b>	<b>2 857.7</b>	<b>3 169.8</b>	<b>3 478.1</b>	<b>3 833.3</b>	<b>4 166.1</b>

Table 18.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	–	2.2	2.1	5.8	6.0	6.4	6.8
Vehicle licences	–	2.2	2.1	5.8	6.0	6.4	6.8
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	3.5	3.2	3.5	4.3	4.7	5.0	5.3
Safety and Security sectoral education and training authority	3.5	3.2	3.5	4.3	4.7	5.0	5.3

## Expenditure trends

Expenditure in this programme relates to bulk stores, IT, human resource development, procurement of vehicles, and accommodation. Bulk stores include food, medication and personal items for inmates.

Expenditure increased from R2.5 billion in 2005/06 to R3.2 billion in 2008/09 at an average annual rate of 9.5 per cent, and is expected to rise to R4.2 billion in 2011/12, at an average annual rate of 9.5 per cent over the medium term. The higher growth over the outer years is mainly due to additional allocations for the master information systems plan (R50 million in 2008/09, R100 million in 2009/10, and R112.1 million in 2011/12).

The *Property Management* subprogramme accounts for funds devolved from the Department of Public Works for accommodation charges, leases and municipal services. Spending is expected to increase at an average annual rate of 14.3 per cent over the MTEF period.

The 37.6 per cent decline in *Central Services* expenditure between 2005/06 and 2006/07 was due to the once-off payment for IT equipment in 2005/06.

## Programme 2: Security

- *Security* funds activities aimed at providing safe and healthy conditions for all incarcerated offenders, consistent with human dignity, while providing protection for personnel and security for the public. Funding is distributed according to the number of personnel attached to the programme and the daily average inmate population.

### Objectives and measures

- Improve the department's capacity to prevent offenders from participating in criminal activities and escaping by erecting 8 more specialised high security fences and installing biometric access control systems at 8 correctional centres by the end of 2009/10.

### Service delivery and spending focus

The safety and security enhancement project is aimed at establishing a holistic approach to security. The number of escapes and assaults has decreased as a result of fences, biometric access, improved security over the festive season (Operation Vala), and the department's zero tolerance approach to collusion and corruption by officials, among other efforts.

Escapes decreased from 7 per 10 000 inmates in 2005/06 to 5 per 10 000 inmates in 2007/08. Assaults decreased from 127 per 10 000 inmates in 2005/06 to 52 per 10 000 inmates in 2007/08. Unnatural deaths, however, increased from 30 in 2005/06 to 62 in 2007/08.

Over the MTEF period, the spending focus will be on improving public safety and internal safety and security.

## Expenditure estimates

**Table 18.5 Security**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Security	3 051.6	2 932.0	3 732.3	4 176.8	4 425.3	4 779.9	5 025.0
<b>Total</b>	<b>3 051.6</b>	<b>2 932.0</b>	<b>3 732.3</b>	<b>4 176.8</b>	<b>4 425.3</b>	<b>4 779.9</b>	<b>5 025.0</b>
Change to 2008 Budget estimate				303.6	309.0	346.9	326.0

### Economic classification

<b>Current payments</b>	<b>2 641.6</b>	<b>2 901.2</b>	<b>3 692.0</b>	<b>4 138.8</b>	<b>4 384.7</b>	<b>4 736.9</b>	<b>4 979.4</b>
Compensation of employees	2 579.5	2 802.7	3 538.9	3 842.2	4 294.7	4 588.1	4 811.5
Goods and services	62.1	98.5	153.2	296.6	90.0	148.9	167.9
<i>of which:</i>							
Assets less than R5 000	7.7	5.6	6.9	4.5	4.6	4.8	5.0
Communication	6.7	6.2	7.0	7.2	7.4	7.6	8.1
Computer services	0.0	–	–	3.6	3.6	3.8	4.0
Consultants and professional services: Business and advisory service	–	–	–	20.0	20.4	21.1	22.4
Contractors	0.3	0.5	0.5	220.7	10.5	66.8	80.8
Agency and support / outsourced services	0.2	44.2	88.2	0.5	0.5	0.6	0.6
Inventory: Food and food supplies	1.3	0.8	1.2	0.2	0.2	0.2	0.2
Inventory: Materials and supplies	1.1	0.6	0.9	1.2	1.2	1.3	1.4
Inventory: Other consumables	11.4	8.8	12.6	6.9	8.9	9.1	9.7
Inventory: Stationery and printing	1.9	2.1	2.9	2.0	2.0	2.1	2.2
Transport provided: Departmental activities	0.9	1.5	0.3	–	–	–	–
Travel and subsistence	28.2	25.3	28.6	28.4	29.0	29.9	31.7
Operating expenditure	1.7	2.2	3.2	0.3	0.3	0.3	0.4
Interest and rent on land	0.0	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>15.9</b>	<b>10.7</b>	<b>7.2</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>	<b>2.3</b>
Provinces and municipalities	7.1	1.8	–	–	–	–	–
Households	8.8	8.8	7.2	2.0	2.1	2.2	2.3
<b>Payments for capital assets</b>	<b>394.1</b>	<b>20.1</b>	<b>33.0</b>	<b>36.0</b>	<b>38.5</b>	<b>40.8</b>	<b>43.3</b>
Machinery and equipment	394.1	20.1	33.0	36.0	38.5	40.8	43.3
<b>Total</b>	<b>3 051.6</b>	<b>2 932.0</b>	<b>3 732.3</b>	<b>4 176.8</b>	<b>4 425.3</b>	<b>4 779.9</b>	<b>5 025.0</b>

### Details of selected transfers and subsidies

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>7.1</b>	<b>1.8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Regional Services Council levies	7.1	1.8	–	–	–	–	–
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>8.8</b>	<b>8.8</b>	<b>7.2</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>	<b>2.3</b>
Ex-service benefits	8.8	8.8	7.2	2.0	2.1	2.2	2.3

## Expenditure trends

Expenditure increased from R3.1 billion in 2005/06 to R4.2 billion in 2008/09 at an average annual rate of 11 per cent, and is expected to increase further over the medium term to R5 billion in 2011/12, an average

annual rate of 6.4 per cent. The growth in expenditure provides for improving security in correctional facilities and implementing the seven-day establishment.

The activities of this programme are labour intensive, and expenditure in compensation of employees accounts for 96.2 per cent of the programme's budget over the medium term. As most of the correctional officials are employed in this programme, the salary increases following the 2007 Public Service Bargaining Council's resolution will continue to have a significant impact on spending.

The 64.2 per cent increase in spending on machinery and equipment in 2007/08 is due to the allocation of additional funding for the ongoing rollout of biometric access control equipment, including x-ray scanners.

## Programme 3: Corrections

- *Personal Corrections* provides needs based correctional sentence plans and interventions based on an assessment of the security risk and criminal profile of individuals, targeting all elements associated with offending behaviour. Funding is distributed according to the number of personnel attached to the programme, and the average daily inmate population.

### Objectives and measures

- Address the specific rehabilitation needs of sentenced offenders by increasing the provision of correctional sentence plans to offenders serving more than 24 months from 1 400 in 2007/08 to 13 310 in 2011/12.
- Create an environment that promotes the general development of sentenced offenders by reducing the level of overcrowding in departmental facilities from 42 per cent in 2005/06 to 28 per cent in 2011/12.

### Service delivery and spending focus

The 2007 unit management policy is set to improve the management of correctional centres. Training personnel to implement unit management began in 2007/08.

In 2006/07, the Department of Correctional Services started assessing and profiling offenders. The correct classification of offenders, through an improved security risk classification tool, decreased the average number of maximum offenders by 900 (3 per cent) from the second to the third quarter of 2007/08.

Offenders have been increasingly involved in work opportunities that use the skills provided through training programmes. 10 394 work opportunities were provided by other organisations and 9 780 by the department.

The video arraignment project is progressing well at St Albans and Westville correctional centres. This will reduce the risk associated with transporting inmates to court and the time taken to conclude cases.

Over the MTEF period, funding will be used to implement the offender rehabilitation plan in correctional centres and establish remand detention facilities.

## Expenditure estimates

**Table 18.6 Corrections**

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	appropriation 2008/09	2009/10	2010/11	2011/12
R million							
Personal Corrections	613.6	722.0	909.3	1 062.1	1 112.1	1 191.1	1 282.9
<b>Total</b>	<b>613.6</b>	<b>722.0</b>	<b>909.3</b>	<b>1 062.1</b>	<b>1 112.1</b>	<b>1 191.1</b>	<b>1 282.9</b>
Change to 2008 Budget estimate				(2.6)	(13.2)	(20.6)	(1.5)

Table 18.6 Corrections (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>609.4</b>	<b>706.7</b>	<b>894.1</b>	<b>1 040.1</b>	<b>1 087.6</b>	<b>1 165.2</b>	<b>1 255.4</b>
Compensation of employees	582.2	680.3	858.5	1 001.2	1 051.3	1 116.5	1 180.1
Goods and services	27.2	26.4	35.7	38.9	36.3	48.8	75.3
of which:							
Advertising	0.0	0.0	1.6	0.0	0.0	0.0	0.0
Assets less than R5 000	3.3	2.5	4.4	2.6	2.7	2.8	3.0
Catering: Departmental activities	0.0	0.1	0.3	0.6	0.6	0.7	0.7
Communication	11.2	10.3	11.4	9.2	9.6	10.2	10.8
Contractors	0.1	0.0	0.0	0.1	0.1	7.6	33.6
Inventory: Materials and supplies	0.1	0.1	0.1	0.6	0.6	0.7	0.7
Inventory: Other consumables	1.5	1.6	1.7	2.8	4.2	4.4	4.7
Inventory: Stationery and printing	4.2	4.3	4.8	10.5	5.3	8.4	6.9
Transport provided: Departmental activities	0.3	0.1	0.0	–	–	–	–
Travel and subsistence	6.0	6.5	9.9	10.0	10.5	11.1	11.8
Operating expenditure	0.2	0.3	0.4	0.1	0.1	0.1	0.1
Venues and facilities	0.0	0.3	0.7	1.7	1.8	1.9	2.0
<b>Transfers and subsidies</b>	<b>3.6</b>	<b>14.8</b>	<b>14.9</b>	<b>19.7</b>	<b>21.1</b>	<b>22.3</b>	<b>23.6</b>
Provinces and municipalities	2.0	0.6	0.1	–	–	–	–
Households	1.5	14.2	14.8	19.7	21.1	22.3	23.6
<b>Payments for capital assets</b>	<b>0.6</b>	<b>0.6</b>	<b>0.3</b>	<b>2.3</b>	<b>3.4</b>	<b>3.6</b>	<b>3.9</b>
Machinery and equipment	0.6	0.6	0.3	2.3	3.4	3.6	3.9
<b>Total</b>	<b>613.6</b>	<b>722.0</b>	<b>909.3</b>	<b>1 062.1</b>	<b>1 112.1</b>	<b>1 191.1</b>	<b>1 282.9</b>
<b>Details of selected transfers and subsidies</b>							
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>–</b>	<b>14.2</b>	<b>14.8</b>	<b>18.8</b>	<b>20.1</b>	<b>21.3</b>	<b>22.6</b>
Ex-service benefits	–	14.2	14.8	18.8	20.1	21.3	22.6

## Expenditure trends

Expenditure in the *Corrections* programme is expected to increase from R613.6 million in 2005/06 to R1.3 billion in 2011/12 at an average annual rate of 13.1 per cent. The growth is mainly due to additional allocations for implementing white paper activities over the medium term. These include the risk assessment and profiling of offenders, and running case management committees that advise the correctional supervision and parole boards. Procedures implemented at correctional centres will train staff and build institutional capacity for sentenced inmates to benefit from the proposed programmes.

The substantial growth in compensation of employees between 2005/06 and 2008/09 is due to the allocation of the supervisory personnel budget, previously provided for in other programmes. Spending on goods and services is expected to increase at an average annual rate of 24.6 per cent between 2008/09 and 2011/12, to fund the implementation of white paper correctional programmes and assessment tools, and tools for profiling inmates.

## Programme 4: Care

- *Personal Wellbeing* provides needs based programmes and services aimed at maintaining the personal wellbeing of incarcerated offenders by facilitating physical fitness, social functioning, health care, and

spiritual, moral and psychological wellbeing. Funding is distributed according to the number of personnel attached to the programme, and the average daily inmate population.

## Objectives and measures

- Ensure the personal wellbeing and improved health of incarcerated offenders by increasing the number of offenders receiving antiretroviral treatment from 4 180 in 2008/09 to 6 300 in 2011/12.

## Service delivery and spending focus

In 2007/08, the Department of Health established a national health task team on the challenges of delivering health care services in the corrections environment. Health care services were boosted in 2007/08 with 24 additional pharmacists performing community service in correctional centres. Comprehensive primary health care services were implemented in 72 centres in 2008/09.

Moral renewal in the Department of Correctional Services is being implemented through the Heartlines moral regeneration programme for personnel and offenders in 140 correctional centres, supported by comprehensive care programmes.

Over the MTEF period, the spending focus will be on ensuring the wellbeing of incarcerated people and meeting the needs of special categories of offenders.

## Expenditure estimates

**Table 18.7 Care**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Personal Wellbeing	1 028.1	1 090.7	1 263.8	1 416.9	1 591.8	1 745.6	1 963.4
<b>Total</b>	<b>1 028.1</b>	<b>1 090.7</b>	<b>1 263.8</b>	<b>1 416.9</b>	<b>1 591.8</b>	<b>1 745.6</b>	<b>1 963.4</b>
Change to 2008 Budget estimate				22.1	134.1	144.2	265.9
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 023.5</b>	<b>1 086.9</b>	<b>1 260.2</b>	<b>1 409.0</b>	<b>1 580.5</b>	<b>1 733.8</b>	<b>1 950.8</b>
Compensation of employees	314.8	354.9	442.5	546.2	584.4	620.6	656.0
Goods and services	708.7	732.0	817.7	862.8	996.1	1 113.2	1 294.8
of which:							
Administrative fees	0.0	0.1	0.0	1.2	1.3	1.4	1.5
Assets less than R5 000	17.2	19.9	19.7	15.6	16.4	17.6	18.6
Catering: Departmental activities	0.1	0.2	0.5	0.6	0.6	0.7	0.7
Communication	3.7	4.1	5.1	16.5	17.3	18.6	19.7
Consultants and professional services: Business and advisory service	0.0	0.0	0.0	54.6	57.4	61.5	65.2
Consultants and professional services: Laboratory service	7.7	9.9	10.5	12.6	13.2	14.1	15.0
Contractors	54.1	68.0	75.0	17.2	18.1	19.4	20.5
Agency and support / outsourced services	107.7	113.2	140.8	304.5	319.8	342.8	363.4
Inventory: Food and food supplies	397.0	388.8	428.1	232.8	322.4	395.3	533.1
Inventory: Fuel, oil and gas	0.3	0.5	0.6	0.5	0.5	0.6	0.6
Inventory: Materials and supplies	0.4	0.4	0.7	1.0	1.0	1.1	1.2
Inventory: Medical supplies	18.5	20.9	27.6	33.3	35.0	37.5	39.8
Inventory: Other consumables	71.8	75.8	74.4	98.1	115.1	120.3	128.2
Inventory: Stationery and printing	1.8	2.8	3.3	40.6	42.7	44.5	47.2
Lease payments	0.3	0.4	0.4	0.5	0.6	0.6	0.6
Travel and subsistence	8.7	12.0	14.8	22.0	23.1	24.8	26.3
Operating expenditure	18.9	13.4	12.8	8.7	9.1	9.8	10.4
Venues and facilities	0.1	1.0	2.9	1.6	1.7	1.8	2.0
<b>Transfers and subsidies</b>	<b>1.9</b>	<b>1.1</b>	<b>0.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	1.1	0.3	–	–	–	–	–
Households	0.8	0.8	0.9	–	–	–	–
<b>Payments for capital assets</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>7.9</b>	<b>11.2</b>	<b>11.8</b>	<b>12.6</b>
Machinery and equipment	2.7	2.7	2.7	7.9	11.2	11.8	12.6
<b>Total</b>	<b>1 028.1</b>	<b>1 090.7</b>	<b>1 263.8</b>	<b>1 416.9</b>	<b>1 591.8</b>	<b>1 745.6</b>	<b>1 963.4</b>

## Expenditure trends

Expenditure increased from R1 billion in 2005/06 to R1.4 billion in 2008/09 at an average annual rate of 11.3 per cent as the three meals a day system was implemented. The budget grows more rapidly over the medium term, at a projected average annual rate of 11.5 per cent, peaking at R2 billion in 2011/12, which includes the provision of additional remuneration for health care workers.

A comprehensive HIV and AIDS programme is being progressively implemented nationally. The department received donor funding of US\$1 million (R5.9 million) in 2005/06 and 2006/07 from the United States President's Emergency Plan for AIDS Relief. A further R2.4 million was received in 2008/09. Funds have been allocated for further coordination of the HIV and AIDS programmes among inmates and staff.

## Programme 5: Development

- *Personal Development of Offenders* provides programmes and services aimed at developing skills and social development competencies, including technical training, recreation, sports, education and the operation of prison farms and production workshops. Funding is distributed according to the number of personnel attached to this programme, and the daily average inmate population.

## Objectives and measures

- Facilitate the reintegration of offenders into communities by:
  - increasing the number of offenders who participate in literacy programmes from 664 in 2005/06 to 2 633 in 2011/12
  - increasing the number of offenders participating in skills development programmes from 8 502 in 2005/06 to 50 595 in 2011/12.

## Service delivery and spending focus

Offenders are increasingly participating in development programmes. In 2007/08, 14 computer centres were established and 607 offenders trained. 41 635 offenders participated in skills development programmes, 121 968 in sports, recreation, and arts and culture programmes, and 17 475 in formal education.

The partnership with People Learning and Training Online South Africa resulted in 20 officials being trained on the use of software. 1 computer based training centre became operational in August 2008. This programme supports offenders enrolled in adult basic education and training levels 2 to 4, as well as grades 10 to 12.

In 2007/08, 110 educators were trained by McMillan Teacher Campus on implementing the national curriculum statement for grades 10 to 12 in correctional centres. A pilot ICT skills programme in partnership with the Shuttleworth Foundation was established in 2 correctional centres and resulted in a 100 per cent pass rate. The department intends to roll this project out to 30 correctional centres with computer based training centres in 2009/10.

Over the MTEF period, funds in this programme will be used for improving the educational and skills levels of offenders and channelling those with talent towards jobs and competitive areas of sports and arts and culture, to prepare them for reintegrating into society.

## Expenditure estimates

**Table 18.8 Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Personal Development of Offenders	478.3	347.1	365.9	447.0	448.7	469.4	498.7
<b>Total</b>	<b>478.3</b>	<b>347.1</b>	<b>365.9</b>	<b>447.0</b>	<b>448.7</b>	<b>469.4</b>	<b>498.7</b>
Change to 2008 Budget estimate				50.3	(27.7)	(39.7)	(40.9)



Table 18.8 Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>341.4</b>	<b>331.9</b>	<b>354.0</b>	<b>413.2</b>	<b>421.4</b>	<b>441.3</b>	<b>468.7</b>
Compensation of employees	193.3	206.9	225.0	246.3	273.6	279.9	295.9
Goods and services	148.0	125.0	129.0	166.9	147.9	161.4	172.8
of which:							
Administrative fees	0.1	0.0	0.1	41.0	1.1	1.7	1.8
Assets less than R5 000	9.0	8.1	7.7	7.6	8.4	9.1	9.8
Catering: Departmental activities	0.1	0.3	0.4	0.5	0.6	0.6	0.7
Communication	2.9	2.6	2.8	4.2	4.6	5.0	5.4
Consultants and professional services: Business and advisory services	0.0	0.1	0.2	0.5	0.6	0.6	0.7
Consultants and professional services: Infrastructure and planning	1.2	1.0	1.5	0.9	0.9	1.0	1.1
Contractors	8.2	8.4	8.7	4.5	4.9	5.4	5.8
Agency and support / outsourced services	0.5	0.4	1.7	0.9	1.0	1.1	1.2
Government motor transport (Trading account)	–	–	–	0.3	0.4	0.4	0.4
Inventory: Food and food supplies	1.6	0.8	0.8	0.5	0.6	0.6	0.7
Inventory: Fuel, oil and gas	5.6	5.9	4.5	4.4	4.9	5.3	5.7
Inventory: Learner and teacher support material	0.2	0.8	0.6	2.8	3.1	3.4	3.6
Inventory: Materials and supplies	38.8	32.6	29.7	29.9	38.3	41.7	44.6
Inventory: Medical supplies	2.0	1.6	1.3	1.9	2.1	2.3	2.4
Inventory: Other consumables	62.1	46.4	50.2	49.2	57.1	61.9	66.4
Inventory: Stationery and printing	5.8	4.5	5.2	3.2	3.5	3.8	4.1
Lease payments	0.4	0.4	0.5	0.5	0.5	0.6	0.6
Owned and leasehold property expenditure	0.0	0.0	0.0	0.3	0.4	0.4	0.4
Transport provided: Departmental activities	0.1	0.6	0.1	–	–	–	–
Travel and subsistence	7.5	8.3	10.1	11.4	12.5	13.7	14.6
Operating expenditure	0.9	1.0	0.8	0.7	0.7	0.8	0.9
Venues and facilities	0.8	1.1	1.9	1.3	1.4	1.5	1.6
<b>Transfers and subsidies</b>	<b>14.0</b>	<b>0.4</b>	<b>0.8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	1.4	0.2	(0.1)	–	–	–	–
Households	12.6	0.2	0.9	–	–	–	–
<b>Payments for capital assets</b>	<b>123.0</b>	<b>14.7</b>	<b>11.2</b>	<b>33.8</b>	<b>27.2</b>	<b>28.1</b>	<b>30.0</b>
Buildings and other fixed structures	0.0	–	–	–	–	–	–
Machinery and equipment	123.0	14.7	11.2	33.8	27.2	28.1	30.0
<b>Total</b>	<b>478.3</b>	<b>347.1</b>	<b>365.9</b>	<b>447.0</b>	<b>448.7</b>	<b>469.4</b>	<b>498.7</b>
<b>Details of selected transfers and subsidies</b>							
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>2.7</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Ex-service benefits	2.7	–	–	–	–	–	–
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>9.9</b>	<b>0.2</b>	<b>0.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Gratuity	9.9	0.2	0.9	–	–	–	–

## Expenditure trends

Expenditure decreased from R478.3 million in 2005/06 to R447 million in 2008/09 at an average annual rate of 2.2 per cent, mainly due to the once-off installation of television monitors in developmental areas in 2005/06. This also explains the 27.4 per cent decline in total expenditure between 2005/06 and 2006/07. The 22.1 per cent increase in expenditure in 2008/09 was due to additional funds allocated for white paper development and rehabilitation programmes for inmates.

Over the medium term, spending is expected to increase at an average annual rate of 3.7 per cent, peaking at R498.7 million in 2011/12.

## Programme 6: Social Reintegration

- *Community Liaison* provides for all services aimed at preparing offenders for completing their sentences and facilitating their social acceptance and effective reintegration into their communities. Funding is distributed according to the number of personnel attached to this programme, and the daily average supervision case population.

### Objectives and measures

- Facilitate the social acceptance and effective reintegration of offenders on parole and probation through improving reintegration policies and procedures by:
  - decreasing the number of parole violations from 35.1 per cent (8 502) in 2005/06 to 22.2 per cent (10 147) in 2011/12
  - increasing the number of probationers from 12.2 per cent (14 204) in 2005/06 to 18.3 per cent (21 854) in 2011/12.

### Service delivery and spending focus

Since July 2007, vice chairpersons of parole boards who were previously members of the Department of Correctional Services, were replaced by members of the community appointed on a contract basis. This is expected to result in more objective decision making. The intensive training provided to parole board members resulted in improved processes and decisions. In 2008/09, parole boards approved parole in 40.4 per cent of cases.

Efforts to market alternative non-custodial options to magistrates, aimed at reducing overcrowding at correctional centres, have been successful.

Over the MTEF period, the spending focus will be on programmes aimed at facilitating the social acceptance and effective reintegration of offenders into their communities.

### Expenditure estimates

**Table 18.9 Social Reintegration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Community Liaison	301.3	319.2	370.8	412.7	425.9	446.4	449.6
<b>Total</b>	<b>301.3</b>	<b>319.2</b>	<b>370.8</b>	<b>412.7</b>	<b>425.9</b>	<b>446.4</b>	<b>449.6</b>
Change to 2008 Budget estimate				26.1	14.6	4.3	(18.9)
<b>Economic classification</b>							
<b>Current payments</b>	<b>298.8</b>	<b>317.3</b>	<b>370.0</b>	<b>408.2</b>	<b>421.0</b>	<b>441.2</b>	<b>444.1</b>
Compensation of employees	273.2	288.6	337.5	374.6	385.7	404.1	405.2
Goods and services	25.7	28.7	32.4	33.6	35.3	37.1	38.9
of which:							
Assets less than R5 000	1.5	1.6	1.3	1.3	1.4	1.4	1.5
Communication	8.2	8.4	8.7	8.3	8.8	9.2	9.7
Inventory: Other consumables	0.6	0.5	0.8	0.7	0.8	0.8	0.9
Inventory: Stationery and printing	1.1	1.4	1.7	2.5	2.6	2.7	2.9
Lease payments	0.5	0.6	0.8	1.4	1.5	1.5	1.6
Transport provided: Departmental activities	0.8	1.0	0.2	–	–	–	–
Travel and subsistence	12.4	14.4	17.9	18.3	19.3	20.2	21.2
Venues and facilities	–	0.1	0.1	0.5	0.5	0.6	0.6
<b>Transfers and subsidies</b>	<b>2.2</b>	<b>1.3</b>	<b>0.5</b>	<b>3.6</b>	<b>3.7</b>	<b>3.9</b>	<b>4.1</b>
Provinces and municipalities	0.8	0.2	–	–	–	–	–
Households	1.4	1.1	0.5	3.6	3.7	3.9	4.1
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.5</b>	<b>0.3</b>	<b>0.9</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>
Machinery and equipment	0.3	0.5	0.3	0.9	1.2	1.3	1.3
<b>Total</b>	<b>301.3</b>	<b>319.2</b>	<b>370.8</b>	<b>412.7</b>	<b>425.9</b>	<b>446.4</b>	<b>449.6</b>

**Table 18.9 Social Reintegration (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>0.1</b>	<b>1.1</b>	<b>0.5</b>	<b>3.6</b>	<b>3.7</b>	<b>3.9</b>	<b>4.1</b>
Cash payment indigence grant	0.1	1.1	0.5	3.6	3.7	3.9	4.1

## Expenditure trends

Expenditure on *Social Reintegration* increased at an average annual rate of 11 per cent between 2005/06 and 2008/09, rising from R301.3 million to R412.7 million, as a result of increased activities at community corrections offices following the special remission initiative in 2005/06.

Over the MTEF period, spending in this programme is projected to increase at an average annual rate of 2.9 per cent to provide for community profiling and liaison services and ensure the most effective release and reintegration of inmates into their communities.

## Programme 7: Facilities

- *Public Private Partnership Prisons* funds the department's financial commitments to the suppliers of correctional services at the two public private partnership correctional centres. Funding is distributed according to contractual commitments linked to the consumer price index.
- *Facilities Planning* funds the provision of infrastructure for correctional and other facilities. Funding is distributed according to priorities registered on the works control system database at the Department of Public Works.
- *Building and Maintenance* funds the maintenance and upgrading of correctional and other facilities and the provision of power supplies and water purification and sanitation services. Funding is distributed based on historical patterns of expenditure and available funding.

## Objectives and measures

- Ensure that physical infrastructure supports safe and secure custody by:
  - upgrading existing facilities to provide 1 711 more bed spaces by 2011/12
  - completing 5 new correctional centres (including public private partnerships) that will provide 15 000 additional bed spaces by 2011/12.

## Service delivery and spending focus

The construction of the Kimberley correctional centre was 61 per cent complete by the end of the first half of 2008/09. Once completed in 2009/10, the department will have 3 000 additional bed spaces. 15 parole board offices were completed in 2008/09, improving the functioning of parole boards.

Over the MTEF period, funds will be used for maintaining physical assets and increasing bed spaces.

## Expenditure estimates

**Table 18.10 Facilities**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Public Private Partnership Prisons	537.6	560.3	617.5	638.6	710.4	731.9	3 582.3
Facilities Planning	935.5	582.1	879.8	886.6	897.9	913.5	968.3
Building and Maintenance	139.6	135.1	125.2	128.4	148.6	157.4	162.4
Change to 2008 Budget estimate				209.1	64.5	(1 645.3)	1 058.0

### Economic classification

<b>Current payments</b>	<b>453.8</b>	<b>481.3</b>	<b>534.0</b>	<b>552.3</b>	<b>634.3</b>	<b>662.8</b>	<b>680.6</b>
Compensation of employees	61.6	69.9	66.2	79.5	82.1	86.3	91.2
Goods and services	392.1	411.5	467.9	472.8	552.3	576.4	589.4
of which:							
Assets less than R5 000	1.4	1.6	1.2	4.0	3.1	3.3	3.4
Communication	1.2	1.1	1.3	2.1	2.2	2.3	2.4
Consultants and professional services: Business and advisory services	7.7	0.5	5.7	0.1	0.1	0.1	0.1
Contractors	6.3	5.4	5.4	9.5	8.8	8.9	9.5
Inventory: Fuel, oil and gas	1.8	3.7	3.0	3.1	3.3	3.5	3.7
Inventory: Materials and supplies	30.5	26.1	22.5	22.2	15.1	17.5	17.9
Inventory: Other consumables	6.3	7.8	7.9	7.9	7.6	9.0	9.6
Inventory: Stationery and printing	0.2	0.2	0.2	1.3	1.4	1.4	1.5
Lease payments	330.8	358.2	413.1	414.8	504.5	523.3	534.2
Owned and leasehold property expenditure	2.9	3.9	4.6	0.2	0.2	0.3	0.3
Travel and subsistence	–	2.7	2.7	6.9	5.1	6.0	6.0
Venues and facilities	2.6	–	0.0	0.4	0.5	0.5	0.5
<b>Transfers and subsidies</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.2	0.1	–	–	–	–	–
Public corporations and private enterprises	0.0	–	–	–	–	–	–
Households	0.1	0.2	0.2	–	–	–	–
<b>Payments for capital assets</b>	<b>1 158.5</b>	<b>795.9</b>	<b>1 088.2</b>	<b>1 101.3</b>	<b>1 122.5</b>	<b>1 140.1</b>	<b>4 032.4</b>
Buildings and other fixed structures	1 055.6	794.8	1 087.0	1 099.8	1 120.5	1 137.9	4 030.1
Machinery and equipment	102.9	1.1	1.2	1.4	2.1	2.2	2.4
of which: Capitalised compensation	14.9	15.9	12.0	12.7	13.7	14.4	15.2
<b>Total</b>	<b>1 612.6</b>	<b>1 277.5</b>	<b>1 622.5</b>	<b>1 653.6</b>	<b>1 756.8</b>	<b>1 802.8</b>	<b>4 713.1</b>

## Expenditure trends

Expenditure in the *Facilities* programme is expected to increase from R1.6 billion in 2005/06 to R4.7 billion in 2011/12 at an average annual rate of 19.6 per cent, mainly due to the additional allocation of R2.9 billion in 2011/12 for the proposed four new public private partnership correctional facilities at Paarl, East London, Klerksdorp and Nigel. This also explains the 389.5 per cent increase in expenditure on the *Public-Private Partnership Prisons* subprogramme and the 253.7 per cent increase in payments for capital assets in 2011/12.

The bulk of this programme's expenditure is in capital assets. This includes the provision for upgrading and renovating correctional facilities over the medium term, which will create an additional 1 711 bed spaces at existing centres. Spending in buildings and other fixed structures increased by 36.8 per cent in 2007/08 due to the additional allocation for the Kimberley correctional centre. The 98.9 per cent decline in spending on machinery and equipment in 2006/07 was due to the once-off erection of new security fences in 2005/06.

## Additional Tables

**Table 18.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	2 771.3	2 874.5	2 857.7	3 111.6	58.3	3 169.8	3 169.8
2. Security	3 244.8	3 444.8	3 732.3	3 873.2	303.6	4 176.8	4 176.8
3. Corrections	1 236.8	1 091.6	909.3	1 064.7	(2.6)	1 062.1	1 062.1
4. Care	1 339.3	1 291.6	1 263.8	1 394.7	22.1	1 416.9	1 416.9
5. Development	403.9	394.3	365.9	396.6	50.3	447.0	447.0
6. Social Reintegration	336.1	371.4	370.8	386.5	26.1	412.7	412.7
7. Facilities	1 410.1	1 916.2	1 622.5	1 444.4	209.1	1 653.6	1 653.6
<b>Total</b>	<b>10 742.3</b>	<b>11 384.4</b>	<b>11 122.4</b>	<b>11 671.8</b>	<b>667.0</b>	<b>12 338.8</b>	<b>12 338.8</b>

  

Economic classification							
<b>Current payments</b>	<b>9 678.7</b>	<b>9 856.7</b>	<b>9 908.6</b>	<b>10 521.4</b>	<b>524.5</b>	<b>11 045.9</b>	<b>11 045.9</b>
Compensation of employees	6 518.0	6 762.0	6 799.2	7 144.1	460.5	7 604.6	7 604.6
Goods and services	3 160.7	3 094.7	3 106.8	3 377.2	64.0	3 441.2	3 441.2
Interest and rent on land	0.1	0.1	0.0	0.1	—	0.1	0.1
Financial transactions in assets and liabilities	—	—	2.6	—	—	—	—
<b>Transfers and subsidies</b>	<b>30.9</b>	<b>32.0</b>	<b>33.2</b>	<b>34.4</b>	<b>0.9</b>	<b>35.3</b>	<b>35.3</b>
Provinces and municipalities	5.8	5.8	2.1	5.8	—	5.8	5.8
Departmental agencies and accounts	3.9	3.9	3.5	4.3	—	4.3	4.3
Public corporations and private enterprises	—	—	0.2	—	—	—	—
Households	21.2	22.3	27.5	24.3	0.9	25.2	25.2
<b>Payments for capital assets</b>	<b>1 032.8</b>	<b>1 495.7</b>	<b>1 180.5</b>	<b>1 116.0</b>	<b>141.6</b>	<b>1 257.6</b>	<b>1 257.6</b>
Buildings and other fixed structures	887.7	1 400.6	1 087.0	894.2	205.6	1 099.8	1 099.8
Machinery and equipment	145.1	95.1	87.5	221.8	(64.0)	157.8	157.8
Software and intangible assets	—	—	6.0	—	—	—	—
<b>Total</b>	<b>10 742.3</b>	<b>11 384.4</b>	<b>11 122.4</b>	<b>11 671.8</b>	<b>667.0</b>	<b>12 338.8</b>	<b>12 338.8</b>

**Table 18.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	5 057.7	5 556.9	6 731.2	7 509.2	8 192.1	8 711.4	9 147.6
Unit cost (R million)	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Personnel numbers (head count)	36 311	42 222	45 674	46 083	46 083	46 491	46 492
<b>Part time and temporary contract employees</b>							
Compensation (R million)	31.6	33.5	35.3	37.0	38.9	40.8	43.3
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Personnel numbers (head count)	1 763	1 780	1 805	1 793	1 883	1 977	2 095
<b>Interns</b>							
Compensation of interns (R million)	2.5	16.2	32.7	58.4	61.4	64.4	68.3
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	520	520	1 000	1 700	1 785	1 874	1 986
<b>Total for department</b>							
Compensation (R million)	5 091.8	5 606.6	6 799.2	7 604.6	8 292.4	8 816.6	9 259.1
Unit cost (R million)	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Personnel numbers (head count)	38 594	44 522	48 479	49 576	49 751	50 342	50 573
<b>Learnerships</b>							
Payments for learnerships (R million)	6.3	15.3	16.6	17.0	17.8	18.7	19.8
Number of learnerships (head count)	2 055	3 000	3 000	3 000	3 150	3 308	3 506

**Table 18.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	5 091.8	5 606.6	6 799.2	7 604.6	8 347.0	8 900.4	9 347.6
Training expenditure (R million)	103.2	111.4	125.6	76.0	89.5	94.8	100.5
Training as percentage of compensation	2.0%	2.0%	1.8%	1.0%	1.1%	1.1%	1.1%
Total number trained in department (head count)	20 121	19 980	21 900	–			
of which:							
Employees receiving bursaries (head count)	243	318	–	–			
Learnerships trained (head count)	2 989	3 052	3 116	–			
Internships trained (head count)	–	397	978	–			
Households receiving bursaries (R million)	1.5	2.0	–	2.4	3.0	3.6	–
Households receiving bursaries (head count)	34	42	–	–			

**Table 18.D Summary of departmental public private partnership projects**

Project description: PPP prisons	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2008/09	2009/10	2010/11	2011/12
R million					
<b>Projects signed in terms of Treasury Regulation 16</b>	–	<b>665.1</b>	<b>753.9</b>	<b>761.9</b>	<b>829.6</b>
PPP unitary charge	–	664.4	753.2	761.1	828.8
Advisory fees	–	0.6	0.6	0.6	0.6
Project monitoring cost	–	0.1	0.1	0.1	0.1
<b>Projects in preparation, registered in terms of Treasury Regulation 16<sup>1</sup></b>	–	–	–	<b>(1 653.0)</b>	<b>2 928.2</b>
PPP unitary charge	–	–	–	(1 653.0)	2 928.2
<b>Total</b>	–	<b>665.1</b>	<b>753.9</b>	<b>(891.1)</b>	<b>3 757.8</b>

1. Only projects that have received Treasury Approval: 1

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	
Brief description	
Date public private partnership agreement was signed	
Duration of public private partnership agreement	25 years
Escalation index for unitary fee	As stipulated in Schedule E of both contracts
Net present value of all payment obligations discounted at appropriate duration government bond yield	N/A
Variations / amendments to public private partnership agreement	None
Cost implications of variations/amendments	None
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	N/A

Table 18.E Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending Focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign</b>												
<b>In cash</b>												
Centre for Disease Control, United States	HIV and AIDS	Care	9 235	Goods and services	Further coordination of HIV and AIDS programmes	–	5 916	889	2 430	–	–	–
<b>Total</b>			<b>9 235</b>			<b>–</b>	<b>5 916</b>	<b>889</b>	<b>2 430</b>	<b>–</b>	<b>–</b>	<b>–</b>

Table 18.F Summary of expenditure on infrastructure

	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million											
<b>Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)</b>											
Kimberley prison minimum security prison for 3000 inmates.	New correctional center	3000 beds	Construction	877.3	–	45.4	512.9	352.0	95.5	1.0	–
Worcester, Brandvlei prison, replacement of temporary cell accommodation	New Correctional center	346 beds	Construction	407.7	–	15.3	4.8	51.7	228.1	66.8	0.7
<b>Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)</b>											
Upgrading of facilities in various correctional centre	Various projects		Various stages	1 576.3	23.8	28.0	68.9	179.9	367.6	616.2	292.0
Various centres repairs and renovations				416.7	273.7	140.0	2.2	0.9	–	–	–
Construction of housing for members				145.9	–	37.7	78.2	30.0	–	–	–
Capital works in various centres				12.2	12.2	–	–	–	–	–	–
<b>Small projects or programmes (costing less than R50 million per annum)</b>											
Upgrading of facilities in various correctional centres	Various projects		Various stages	896.7	49.6	8.0	36.4	44.4	62.6	20.0	675.7
Various centres repairs and renovations				958.5	434.2	304.6	120.7	58.5	40.7	–	–
Construction of housing for members				45.6	2.2	0.3	19.6	20.8	2.7	–	–
Capital works in various centres				46.7	38.5	1.6	6.6	–	–	–	–
New small projects less than R20million				480.8	–	–	23.1	147.3	100.7	209.6	–
<b>Total</b>				<b>5 864.5</b>	<b>834.1</b>	<b>580.7</b>	<b>873.4</b>	<b>885.5</b>	<b>897.9</b>	<b>913.5</b>	<b>968.3</b>



# Vote 19

## Defence

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	2 860.8	2 815.2	23.8	21.8	3 142.1	3 505.2
Landward Defence	8 749.3	6 344.0	2 367.7	37.6	9 502.6	9 988.8
Air Defence	10 272.0	3 350.6	6 900.5	20.9	8 885.1	9 402.4
Maritime Defence	1 968.3	1 533.2	395.9	39.1	2 102.2	2 145.1
Military Health Support	2 440.6	2 374.9	9.2	56.5	2 605.9	2 791.8
Defence Intelligence	589.8	195.4	393.7	0.6	612.9	646.8
General Support	3 341.9	2 059.4	853.1	429.3	3 676.4	3 960.1
Force Employment	1 801.8	1 576.3	170.6	54.8	1 862.0	1 978.5
<b>Total expenditure estimates</b>	<b>32 024.4</b>	<b>20 249.2</b>	<b>11 114.5</b>	<b>660.7</b>	<b>32 389.3</b>	<b>34 418.6</b>
Executive authority	Minister of Defence					
Accounting officer	Secretary for Defence					
Website address	www.dod.mil.za					

### Aim

*The aim of the Department of Defence is the defence and protection of the Republic of South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Develop policy, and manage and administer the department.

#### Programme 2: Landward Defence

**Purpose:** Provide prepared and supported landward defence capabilities for the defence and protection of South Africa.

#### Programme 3: Air Defence

**Purpose:** Provide prepared and supported air defence capabilities for the defence and protection of South Africa.

#### Programme 4: Maritime Defence

**Purpose:** Provide prepared and supported maritime defence capabilities for the defence and protection of South Africa.

## **Programme 5: Military Health Support**

**Purpose:** Provide prepared and supported health capabilities and services for the defence and protection of South Africa.

## **Programme 6: Defence Intelligence**

**Purpose:** Provide a defence intelligence and counter intelligence capability.

## **Programme 7: General Support**

**Purpose:** Provide general support capabilities and services to the department.

## **Programme 8: Force Employment**

**Purpose:** Provide and employ defence capabilities, including an operational capability to successfully conduct all operations and joint and multinational military exercises.

## **Strategic overview: 2005/06 – 2011/12**

The main objective of the Department of Defence is to defend and protect South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force. The department also continues to provide support to United Nations (UN) and African Union (AU) initiatives aimed at promoting peace, stability and security in Africa and the Southern African Development Community (SADC).

### **Strategic and operational priorities**

#### *A resourced and flexible defence force*

The core growth one force concept of ensuring that regular and reserve forces constitute an integrated defence force aims to ensure that the South African National Defence Force is designed to provide a core nucleus of capabilities that can be expanded and developed when required by government. To ensure a defence force that is capable of defending South Africa at any time, 77 400 reserve members will be called up over the MTEF period. Through the two-year military skills development system, the department aims to equip 24 565 young South Africans with basic military skills.

#### *Current peace support operations in Africa*

The South African National Defence Force, which includes land, air, maritime defence and military health support, is currently deployed in UN and AU peace support operations, mainly in the Democratic Republic of the Congo, Burundi and Sudan. Security, peace and stability in the region and the continent are promoted not only through peace support operations, but also through humanitarian assistance and disaster relief, support for government initiatives, and post-conflict reconstruction and training. The South African National Defence Force prepares capabilities annually to support these operations, by ensuring the deployment and support of an average of 3 024 members per day over the MTEF period.

#### *Internal deployment*

For internal deployment, the South African National Defence Force is prepared to support other government departments in five operations over the MTEF period, in terms of border security, safety and security, disaster aid and relief, search and rescue, and the 2010 FIFA World Cup.

Twenty-four joint, interdepartmental and multinational military exercises are planned to take place over the MTEF period. These exercises are critical for force readiness.

### Relevant legislation

The growing threat of global terrorism has necessitated a review of the Regulation of Foreign Military Assistance Act (1998). Amendments to the Prohibition of Mercenary Activities and Regulation of Certain Activities in a Country of Armed Conflict Act (2006) will regulate how private security and military entities of South African origin operate in these countries experiencing armed conflict.

### Focus over the short, medium and long term

The key defence policy in the short term (1 year) is to prepare, maintain and employ current defence capabilities. In the medium term (3 years), policy development is aimed at creating an affordable and sustainable force structure and rightsizing and rejuvenating its human resources. In the long term (10 years), the focus is on attaining the optimal level of competencies, technology and force structure to defend and protect South Africa and its territorial integrity.

## Selected performance and operations indicators

**Table 19.1 Defence**

Indicator	Programme	Past			Current <sup>1</sup>	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Total number of defence diplomatic missions	Administration	24	31	32	37	37	37	37
Number of external operations each year	Force Employment	10	14	11	9	12 <sup>1</sup>	12	12
Average number of personnel deployed daily in external operations	Force Employment	3 022	4 810	2 698	2 729	3 024	3 024	3 024
Number of internal operations in support of other government departments each year	Force Employment	8	3	3	4	5	5	4
Number of person days used during internal operations	Force Employment	–	–	515 516	208 609	156 381	308 782 <sup>2</sup>	60 000 <sup>3</sup>
Number of flying hours in support of operations each year	Air Defence	11 484	9 788	12 271	10 500	9 500	9 500	9 500
Number of sea hours on patrol in South African maritime zones each year	Maritime Defence	7 390	9 949	9 648	10 478	11 000	11 000	11 000
Number of health interventions or actions per 100 000 members each year	Military Health Support	13.7	13.6	13.8	14	14	14	14
Number of joint, interdepartmental and multinational exercises conducted each year	Force Employment <sup>4</sup>	9	16	10	10	9	9	6
Number of military skills development system members trained each year	Landward Defence	4 308	4 710	4 677	7 359	8 833	8 858	6 874
Total number of active reserves	Administration	17 340	13 050	12 583	23 600	24 200	25 600	27 600
Number of students graduating from the Military Academy with a bachelor's degree each year	Administration	40	44	38	45	45	45	45
Number of members professionally developed at senior departmental training institutions each year	Administration	167	185	184	189	189	189	189

1. Four medium to large scale peace support operations, four small scale peace support operations, and four small scale general military assistance operations

2. Increase due to support for the 2010 FIFA World Cup

3. Decrease due to the reduced support to the South African Police Service

4. *Force Employment* is responsible for planning joint, interdepartmental and multinational exercises. *Landward Defence*, *Air Defence*, *Maritime Defence* and *Military Health Support* are primarily responsible for the budgeting.

## Expenditure estimates

Table 19.2 Defence

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	1 869.5	2 012.3	2 153.9	2 515.0	2 515.0	2 860.8	3 142.1	3 505.2
2. Landward Defence	5 603.8	6 422.4	7 128.0	7 859.0	7 839.0	8 749.3	9 502.6	9 988.8
3. Air Defence	7 924.7	7 261.7	7 314.8	8 041.4	8 041.4	10 272.0	8 885.1	9 402.4
4. Maritime Defence	3 019.8	2 643.1	2 396.7	1 890.4	1 890.4	1 968.3	2 102.2	2 145.1
5. Military Health Support	1 557.2	1 705.2	1 877.7	2 148.2	2 128.2	2 440.6	2 605.9	2 791.8
6. Defence Intelligence	219.5	353.6	461.1	518.4	518.4	589.8	612.9	646.8
7. General Support	1 710.5	1 911.4	2 266.8	3 118.6	3 018.6	3 341.9	3 676.4	3 960.1
8. Force Employment	1 605.4	1 508.0	1 581.2	1 808.0	1 798.0	1 801.8	1 862.0	1 978.5
<b>Total</b>	<b>23 510.5</b>	<b>23 817.6</b>	<b>25 180.1</b>	<b>27 899.0</b>	<b>27 749.0</b>	<b>32 024.4</b>	<b>32 389.3</b>	<b>34 418.6</b>
Change to 2008 Budget estimate				(334.1)	(484.1)	2 163.8	188.8	187.2

### Economic classification

<b>Current payments</b>	<b>13 382.1</b>	<b>14 500.5</b>	<b>15 755.5</b>	<b>18 495.3</b>	<b>18 375.3</b>	<b>20 249.2</b>	<b>21 772.5</b>	<b>23 979.6</b>
Compensation of employees	8 196.4	9 037.6	9 735.9	10 908.1	10 908.1	11 751.9	12 309.4	13 145.9
Goods and services	5 085.6	5 444.9	5 987.4	7 587.2	7 467.2	8 497.4	9 463.2	10 833.8
<i>of which:</i>								
Administrative fees	4.8	5.3	5.8	7.6	7.6	8.8	9.0	9.3
Advertising	3.3	3.5	3.7	4.5	4.5	5.4	4.7	4.8
Assets less than R5 000	79.7	86.3	95.0	116.2	116.2	143.8	189.0	195.9
Audit costs: External	19.7	23.4	27.4	41.3	41.3	46.3	48.6	51.0
Communication	50.8	54.4	59.8	72.9	72.9	88.0	90.0	93.7
Computer services	470.0	537.4	610.7	843.8	843.8	948.2	989.4	1 026.4
Consultants and professional services:	106.4	115.4	128.8	170.6	170.6	189.3	187.4	212.6
Business and advisory services								
Consultants and professional services:	12.1	13.0	14.1	17.3	17.3	21.5	23.9	26.7
Infrastructure and planning								
Consultants and professional services:	10.1	11.7	13.2	14.7	14.7	18.7	21.6	21.9
Laboratory service								
Consultants and professional services:	3.2	3.8	4.5	6.8	6.8	7.6	7.9	8.3
Legal costs								
Contractors	1 960.7	2 090.2	2 295.2	2 862.1	2 742.1	3 185.9	3 762.1	4 007.7
Agency and support / outsourced services	215.9	220.5	243.1	285.7	285.7	300.0	295.1	321.9
Entertainment	10.2	11.4	12.4	16.2	16.2	20.5	20.3	21.1
Inventory: Food and food supplies	267.2	287.3	315.1	386.7	386.7	478.8	553.8	598.9
Inventory: Fuel, oil and gas	350.1	364.3	398.8	610.9	610.9	548.7	643.2	1 498.6
Inventory: Learner and teacher support material	8.5	8.8	9.7	11.6	11.6	14.0	14.0	14.4
Inventory: Materials and supplies	126.3	134.4	147.6	178.9	178.9	221.0	223.2	233.3
Inventory: Medical supplies	143.9	166.4	187.6	204.7	204.7	263.5	273.6	248.4
Inventory: Military stores	21.8	22.8	24.7	58.6	58.6	34.0	54.3	42.2
Inventory: Other consumables	79.9	85.2	93.9	111.6	111.6	134.9	150.9	149.9
Inventory: Stationery and printing	47.3	50.9	55.8	68.1	68.1	83.6	87.4	93.2
Lease payments	321.2	330.3	356.8	453.0	453.0	473.5	496.9	530.7
Owned and leasehold property expenditure	281.5	301.4	317.1	336.3	336.3	456.7	500.8	571.3
Travel and subsistence	292.6	306.7	335.7	395.9	395.9	475.8	467.5	484.5
Training and development	84.2	90.0	98.8	117.7	117.7	137.8	143.4	161.3
Operating expenditure	97.0	101.0	110.9	167.3	167.3	158.3	170.9	171.4
Venues and facilities	17.5	19.2	21.0	26.2	26.2	32.8	34.4	34.1
Financial transactions in assets and liabilities	100.1	18.0	32.2	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>9 715.9</b>	<b>8 882.8</b>	<b>8 926.9</b>	<b>8 787.8</b>	<b>8 787.8</b>	<b>11 114.5</b>	<b>10 061.6</b>	<b>9 725.6</b>
Provinces and municipalities	15.1	4.0	36.7	–	–	–	–	–
Departmental agencies and accounts	9 265.9	8 288.5	8 243.4	8 096.6	8 096.6	10 364.4	9 273.5	8 907.4
Public corporations and private enterprises	359.5	396.3	473.8	565.8	565.8	583.8	616.4	646.1
Households	72.5	191.4	170.0	121.0	121.0	161.8	167.2	167.3

Table 19.2 Defence (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Payments for capital assets</b>	<b>412.6</b>	<b>434.3</b>	<b>497.7</b>	<b>615.9</b>	<b>585.9</b>	<b>660.7</b>	<b>555.1</b>	<b>713.4</b>
Buildings and other fixed structures	73.9	49.2	93.4	286.7	286.7	369.8	265.3	429.3
Machinery and equipment	336.2	383.8	395.9	327.7	297.7	263.0	261.3	254.3
Biological and cultivated assets	–	–	–	0.1	0.1	–	–	–
Software and other intangible assets	2.6	1.3	8.4	1.4	1.4	0.3	0.3	0.3
Specialised military assets	–	–	–	–	–	27.6	28.3	29.5
<b>Total</b>	<b>23 510.5</b>	<b>23 817.6</b>	<b>25 180.1</b>	<b>27 899.0</b>	<b>27 749.0</b>	<b>32 024.4</b>	<b>32 389.3</b>	<b>34 418.6</b>

## Expenditure trends

Between 2005/06 and 2008/09, expenditure increased from R23.5 billion to R27.9 billion at an average annual rate of 5.9 per cent. Over the medium term, expenditure is estimated to increase to R34.4 billion in 2011/12, at an average annual rate of 7.3 per cent. These increases are due to the inflation related adjustments on operating expenditure, the annual salary increases of government employees, and the procurement of the Gripen advanced light fighter aircraft and the A400M strategic airlift capability.

The *Air Defence* programme dominates expenditure over the MTEF period, consuming 32.1 per cent of the department's total budget in 2009/10, because of the procurement of the Gripen aircraft and the A400M strategic airlift capability. In 2009/10, the *Landward Defence* programme takes up 27.3 per cent of the total budget, while the other two big programmes, *General Support* and *Military Health Support*, take up 10.4 per cent and 7.6 per cent. By 2011/12, the composition of the department's budget changes to 31.2 per cent for *Landward Defence*, 29.4 per cent for *Air Defence*, 12.4 per cent for *General Support*, and 8.7 per cent for *Military Health Support*. The change over the medium term is due to: the initiation of some *Landward Defence* equipment renewal projects; increases in the provision for the military skills development system; increases for the repair and maintenance of defence infrastructure and facilities, including the runways and hardstands at Air Force Base Waterkloof; and increases in the provision for ongoing training of reserves.

Expenditure in the *Administration* programme, which is dominated by the departmental property management portfolio, grew at an average annual rate of 10.4 per cent between 2005/06 and 2008/09 and is expected to grow at an average annual rate of 11.7 per cent over the medium term due to increased accommodation charges.

Compensation of employees is the largest expenditure item in the budget, amounting to R11.8 billion, or 36.7 per cent of the total budget in 2009/10. Transfers and subsidies amounts to R11.1 billion, or 34.7 per cent of total expenditure in 2009/10. Goods and services amounts to R8.5 billion, or 26.5 per cent of total expenditure in 2009/10. Over the medium term, compensation of employees increases to 38.2 per cent, goods and services to 31.5 per cent, and transfers and subsidies to 28.3 per cent. The projected 3.3 per cent decrease in transfers and subsidies is the strategic defence procurement programme which will be completed in 2011/12, and the strategic airlift capability, which will be gradually completed over the medium term.

## Infrastructure spending

In 2008/09, the department funded 78 capital works building projects. The bulk of the funds were spent on upgrading military health facilities, installing fire detection and protection systems, making structural changes to buildings to accommodate disabled members, upgrading kitchens, building an urban training facility, and improving security at cash offices. In consultation with the Department of Public Works, the department continued with the repair and maintenance programme at the military hospitals in Pretoria and Cape Town, the Air Force Base Waterkloof in Pretoria, 4 SA Infantry Battalion in Middelburg, and 35 Engineer Squadron in Dunnottar. Over the medium term, the programme will be extended to include other defence facilities.

## Savings and reprioritisation

Over the MTEF period, savings of R372.2 million, R427.2 million and R470.1 million have been identified in goods and services, transfers to public entities, and capital investment. The largest reduction is in goods and

services: R293 million (2009/10), R326.3 million (2010/11) and R373.6 million (2011/12). Capital investment is reduced by R75.1 million (2009/10), R94.6 million (2010/11) and R89.9 million (2011/12). The balance is made up of smaller transfers to the Armaments Corporation of South Africa and the Safety and Security Sector and Education Training Authority.

## Departmental receipts

Departmental receipts are mainly from the sale of redundant or obsolete equipment and defence matériel, the rental of accommodation to personnel, and board and lodging. In 2005/06, the reimbursements from the UN were reclassified from sales of goods and services to financial transactions in assets and liabilities. In 2006/07, they were classified back to sales of goods and services, which explains the decrease and increase under the relevant receipt types. The reason for the fluctuations in real departmental receipts, specifically financial transactions in assets and liabilities, is that reimbursement for peace support operations are unpredictable.

**Table 19.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>729 136</b>	<b>492 792</b>	<b>551 855</b>	<b>474 728</b>	<b>672 782</b>	<b>582 320</b>	<b>595 289</b>	<b>608 648</b>
Sales of goods and services produced by department	95 202	111 723	165 148	317 235	287 235	326 752	336 555	346 651
Sales of scrap, waste, arms and other used current goods	137 642	58 040	7 336	29 407	29 407	30 289	31 197	32 133
Transfers received	–	–	–	2 694	230 748	152 775	152 858	152 944
Fines, penalties and forfeits	2 448	2 272	1 157	1 667	1 667	1 717	1 769	1 822
Interest, dividends and rent on land	337	813	1 710	1 140	1 140	1 174	1 209	1 246
Sales of capital assets	–	5 749	128 913	92 365	92 365	38 486	39 641	40 830
Financial transactions in assets and liabilities	493 507	314 195	247 591	30 220	30 220	31 127	32 060	33 022
<b>Total</b>	<b>729 136</b>	<b>492 792</b>	<b>551 855</b>	<b>474 728</b>	<b>672 782</b>	<b>582 320</b>	<b>595 289</b>	<b>608 648</b>

## Programme 1: Administration

### Expenditure estimates

**Table 19.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	0.9	0.9	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.7	0.7	0.8	1.3	1.4	1.5	1.6
Ministerial Direction	12.9	15.0	15.7	18.0	16.1	18.2	21.9
Departmental Direction	10.4	13.9	16.4	20.3	24.4	25.5	27.5
Policy and Planning	107.5	114.7	100.7	131.0	76.7	82.3	86.8
Financial Services	155.8	165.9	179.6	208.8	221.7	229.4	243.7
Human Resources Support Services	476.1	482.2	414.6	467.7	491.7	509.0	547.4
Legal Services	73.8	81.5	86.2	107.3	134.3	139.7	150.9
Inspection Services	36.9	35.9	38.4	48.4	51.1	53.2	56.5
Acquisition Services	39.5	41.1	50.7	60.1	67.8	70.3	73.2
Communication Services	17.9	19.4	21.9	24.1	25.2	26.2	29.2
South African National Defence Force Command and Control	6.1	7.1	29.1	63.3	70.9	73.1	75.0
Religious Services	4.5	5.4	5.5	5.2	5.8	5.7	6.5
Defence Reserve Direction	11.4	9.9	7.8	11.6	13.2	13.1	13.9
Defence Foreign Relations	69.4	77.4	103.0	109.2	122.5	130.9	142.7
Property Management	845.7	941.3	1 082.7	1 237.1	1 536.2	1 762.3	2 026.6
<b>Total</b>	<b>1 869.5</b>	<b>2 012.3</b>	<b>2 153.9</b>	<b>2 515.0</b>	<b>2 860.8</b>	<b>3 142.1</b>	<b>3 505.2</b>
Change to 2008 Budget estimate				88.1	119.0	119.2	94.8

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

Table 19.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 831.0</b>	<b>1 960.7</b>	<b>2 085.9</b>	<b>2 478.3</b>	<b>2 815.2</b>	<b>3 096.1</b>	<b>3 459.2</b>
Compensation of employees	648.9	703.9	773.7	902.1	945.1	995.8	1 056.1
Goods and services	1 165.5	1 245.1	1 305.3	1 576.2	1 870.1	2 100.3	2 403.1
of which:							
Administrative fees	3.1	3.3	3.5	4.3	4.9	5.0	5.1
Advertising	2.3	2.4	2.5	3.1	3.6	2.9	3.0
Assets less than R5 000	3.6	3.8	4.0	4.9	5.8	4.8	5.0
Communication	7.6	8.2	8.5	10.4	12.3	12.8	13.8
Computer services	63.1	67.4	70.7	86.4	97.1	99.3	107.7
Consultants and professional services: Business and advisory services	14.5	15.5	16.2	23.9	20.4	21.0	22.7
Contractors	586.5	626.5	656.8	803.3	946.8	1 112.2	1 277.4
Agency and support / outsourced services	8.0	8.5	8.9	10.9	12.0	11.5	10.9
Entertainment	1.7	1.8	1.9	2.4	2.8	3.0	3.1
Inventory: Food and food supplies	7.5	8.0	8.3	10.2	12.0	10.3	10.4
Inventory: Fuel, oil and gas	5.8	6.2	6.5	18.7	9.3	9.5	30.8
Inventory: Learner and teacher support material	1.2	1.3	1.4	1.7	2.0	1.9	1.9
Inventory: Materials and supplies	0.9	1.0	1.1	1.3	1.5	1.4	1.4
Inventory: Other consumables	3.3	3.5	3.7	4.5	5.3	4.8	5.0
Inventory: Stationery and printing	7.6	8.2	8.6	10.5	12.3	12.3	12.6
Lease payments	127.6	136.3	142.9	174.7	204.6	226.0	259.3
Owned and leasehold property expenditure	262.8	280.8	294.4	310.0	424.4	466.0	535.0
Travel and subsistence	39.1	41.8	43.8	53.6	62.0	64.9	67.5
Training and development	7.0	7.5	7.8	9.6	11.3	10.2	10.2
Operating expenditure	9.7	10.4	10.9	28.2	15.4	16.6	16.2
Venues and facilities	2.5	2.7	2.8	3.4	3.9	3.7	3.8
Financial transactions in assets and liabilities	16.5	11.6	6.9	—	—	—	—
<b>Transfers and subsidies</b>	<b>20.5</b>	<b>32.8</b>	<b>42.2</b>	<b>23.5</b>	<b>23.8</b>	<b>25.3</b>	<b>25.4</b>
Provinces and municipalities	1.1	0.3	5.0	—	—	—	—
Departmental agencies and accounts	7.1	7.7	7.7	8.8	8.9	9.2	9.7
Non-profit institutions	2.5	2.5	—	3.9	4.0	4.2	4.4
Households	9.9	22.3	29.5	10.8	10.9	11.9	11.4
<b>Payments for capital assets</b>	<b>18.0</b>	<b>18.8</b>	<b>25.7</b>	<b>13.3</b>	<b>21.8</b>	<b>20.7</b>	<b>20.6</b>
Machinery and equipment	18.0	18.7	25.7	13.1	21.8	20.7	20.6
Software and other intangible assets	0.0	0.1	0.0	0.2	—	—	—
<b>Total</b>	<b>1 869.5</b>	<b>2 012.3</b>	<b>2 153.9</b>	<b>2 515.0</b>	<b>2 860.8</b>	<b>3 142.1</b>	<b>3 505.2</b>

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>7.1</b>	<b>7.7</b>	<b>7.7</b>	<b>8.8</b>	<b>8.9</b>	<b>9.2</b>	<b>9.7</b>
Safety and Security Sector Education and Training Authority	7.1	7.7	7.7	8.8	8.9	9.2	9.7
<b>Non-profit institutions</b>							
<b>Current</b>	<b>2.5</b>	<b>2.5</b>	<b>—</b>	<b>3.9</b>	<b>4.0</b>	<b>4.2</b>	<b>4.4</b>
Reserve Force Council	2.5	2.5	—	3.9	4.0	4.2	4.4
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>9.9</b>	<b>22.3</b>	<b>29.5</b>	<b>10.8</b>	<b>10.9</b>	<b>11.9</b>	<b>11.4</b>
Severance packages	9.9	22.3	29.5	10.8	10.9	11.9	11.4



## Expenditure trends

Expenditure in the *Administration* programme increased at an average annual rate of 10.4 per cent between 2005/06 and 2008/09, from R1.9 billion to R2.5 billion. It is expected to increase at an average annual rate of 11.7 per cent over the MTEF period to reach R3.5 billion in 2011/12.

The largest subprogramme is *Property Management*, with expenditure increasing from R845.7 million in 2005/06 to R2 billion in 2011/12, at an average annual rate of 15.7 per cent, due to additional allocations for accommodation charges. This also explains the average annual increase of 12.8 per cent in goods and services over the seven-year period.

Other subprogrammes that show relatively large average annual increases over the medium term are *Legal Services* (12.1 per cent) and *Defence Foreign Relations* (9.3 per cent), due to the implementation of an occupation specific dispensation for legal practitioners, a new foreign service dispensation, and the expansion of foreign defence representation by establishing more military attaché offices.

The 310.7 per cent increase in the *SANDF Command and Control* subprogramme in 2007/08 was due to the transfer of the defence headquarters unit from the *General Support* programme to this subprogramme.

## Programme 2: Landward Defence

- *Strategic Direction* directs, orchestrates and controls the South African Army in achieving its mission to provide prepared and supported landward capabilities for the defence and protection of South Africa. Funding is based on the cost of operating the landward defence headquarters and managing centralised funds for scarce commodities and specialist services.
- *Infantry Capability* provides combat ready infantry capabilities through training, preparing, exercising and supporting mechanised, motorised and airborne infantry units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Armour Capability* provides combat ready armour capabilities through training, preparing, exercising and supporting tank and armoured car units. Funding is distributed according to the number and size of units, systems and equipment operating and maintaining requirements, and the number of force preparation exercises and training courses.
- *Artillery Capability* provides combat ready artillery capabilities through training, preparing, exercising and supporting composite and light artillery units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Air Defence Artillery Capability* provides combat ready air defence artillery capabilities through training, preparing, exercising and supporting air defence artillery units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Engineering Capability* provides combat ready engineering capabilities to ensure mobility and establish infrastructure during exercises and deployments, through training, preparing, exercising and supporting field and construction engineer units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Operational Intelligence* provides combat ready operational intelligence capabilities to enable successful planning and execution of operations, through training, preparing, exercising and supporting intelligence units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Command and Control Capability* provides combat ready tactical command and control capabilities for integrated forces during force preparation and force employment. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.

- *Support Capability* provides first and second line support capabilities to units and bases and ensures support to deployed combat units through training, preparing, exercising and supporting first and second line maintenance units and workshops. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, the number of force preparation exercises and training courses, and product systems requirements.
- *General Training Capability* provides general training capabilities through basic military training, junior leader training, common landward training and command and management training at the training depot (and decentralised units), the South African Army gymnasium, the combat training centre and the South African Army College. Funding is distributed according to the number and size of units, equipment operating and maintenance requirements, and the number of exercises and training courses.
- *Signal Capability* provides combat ready signal capabilities to ensure command, control and communications during exercises and deployments, through training, preparing, exercising and supporting signal units. Funding is distributed according to the number and size of units, systems and equipment operations and maintenance requirements, and the number of force preparation exercises and training courses.

## Objectives and measures

- Defend and protect South Africa and its territory by:
  - providing 3 infantry battalions a year for external deployment, 1 air landed battalion and 2 multi-role battalions in reserve, and 4 battalions involved in exercises
  - exercising 1 tank regiment and 1 armoured car regiment a year
  - exercising 1 composite artillery regiment and 1 light (parachute) artillery battery, and having 1 light artillery battery in reserve a year
  - exercising 1 air defence artillery regiment and 1 light (parachute) air defence artillery battery, and having 1 light air defence artillery battery in reserve a year
  - providing 3 engineer squadrons for external deployment, 1 composite engineer squadron for internal deployment and 1 composite engineer squadron for internal reserve, and exercising 1 light (parachute) engineer squadron a year
  - providing 2 signal regiments a year for external deployment, internal reserve and involvement in exercises.

## Service delivery and spending focus

In 2007/08, the South African Army provided approximately 4 200 members for 9 external operations in Burundi, the Democratic Republic of the Congo, Sudan, Eritrea, Uganda and Mozambique. Training assistance was provided to Democratic Republic of the Congo and Central African Republic forces and 4 exercises in support of foreign force training were conducted. Approximately 3 000 members (24 regular and 6 reserve companies) were deployed in 3 internal operations focusing on rural safeguarding and borderline control. 62 regular and reserve platoons (1 909 members) provided support to the Department of Health during the public service strikes. To modernise landward equipment, 12 MK2 main battle tanks and 13 ZT3 missile systems were commissioned. Basic military training was provided to 2 120 military skills development system members as part of force preparation.

In the first half of 2008/09, forces and individual specialists were provided for 6 external and 2 internal operations. Instructors were provided for training missions in the Democratic Republic of the Congo and the Central African Republic. In service to bilateral commitments, the South African Army provided training to members from the Rwanda, Kenya, Swaziland and Zimbabwe defence forces, among others. Basic military training was provided to 1 627 military skills development system members, which culminated in the joint force preparation exercise in October and November 2008. South African Army training institutions trained 5 213 members, and 200 members began works regiment training in July 2008.

Over the MTEF period, *Landward Defence* spending will provide for forces for internal and external deployments according to government requirements, as confirmed by the department's strategic guidelines. The South African Army will continue to prepare its forces to comply with military strategic objectives, and

facilitate individual formal training to ensure career progress. Assets will be maintained and managed within budget to support deployments and force preparation. The South African Army will renew its capabilities according to government imperatives and national strategic objectives.

## Expenditure estimates

**Table 19.5 Landward Defence**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Strategic Direction	131.5	122.0	178.8	242.1	819.3	892.1	1 003.1
Infantry Capability	1 713.9	2 066.1	2 230.1	2 415.5	2 807.1	2 785.4	3 131.4
Armour Capability	344.4	371.6	348.1	216.2	235.2	222.6	239.6
Artillery Capability	293.3	528.3	485.6	309.0	302.6	369.8	314.5
Air Defence Artillery Capability	404.7	219.1	262.4	303.1	380.1	461.4	279.4
Engineering Capability	180.5	211.9	243.7	243.0	318.3	330.5	329.9
Operational Intelligence	78.3	79.7	133.5	199.4	277.6	143.5	154.3
Command and Control Capability	59.7	75.6	78.1	78.7	94.9	99.9	104.1
Support Capability	1 808.8	2 120.1	2 492.3	3 139.5	2 732.5	3 395.6	3 607.8
General Training Capability	137.3	154.0	177.8	189.9	256.7	258.4	272.5
Signal Capability	451.4	474.0	497.7	522.6	524.9	543.4	552.2
<b>Total</b>	<b>5 603.8</b>	<b>6 422.4</b>	<b>7 128.0</b>	<b>7 859.0</b>	<b>8 749.3</b>	<b>9 502.6</b>	<b>9 988.8</b>
Change to 2008 Budget estimate				1 066.8	1 019.8	999.4	937.4
<b>Economic classification</b>							
<b>Current payments</b>	<b>4 011.9</b>	<b>4 668.6</b>	<b>4 955.3</b>	<b>5 773.8</b>	<b>6 344.0</b>	<b>6 706.0</b>	<b>7 374.2</b>
Compensation of employees	3 303.6	3 898.3	4 113.0	4 648.4	4 958.9	5 141.2	5 341.2
Goods and services	688.1	766.1	838.8	1 125.4	1 385.1	1 564.8	2 033.0
of which:							
Advertising	0.1	0.2	0.2	0.2	0.3	0.3	0.3
Assets less than R5 000	31.2	34.8	38.1	49.4	65.0	102.8	105.4
Communication	10.7	12.0	13.1	17.0	22.4	23.0	24.1
Computer services	44.4	49.4	54.1	70.3	92.4	99.8	101.3
Consultants and professional services: Business and advisory services	7.4	8.3	9.1	11.8	15.5	17.9	19.6
Consultants and professional services: Infrastructure and planning	5.8	6.4	7.0	9.1	12.0	13.0	15.2
Contractors	145.9	162.5	177.9	231.1	303.9	344.6	376.2
Agency and support / outsourced services	20.5	22.8	25.0	32.4	7.6	7.5	19.6
Entertainment	7.3	8.1	8.9	11.5	15.2	14.6	15.1
Inventory: Food and food supplies	126.0	140.3	153.6	199.5	262.3	318.1	369.3
Inventory: Fuel, oil and gas	67.1	74.7	81.8	125.6	139.7	149.5	497.2
Inventory: Learner and teacher support material	0.8	0.9	1.0	1.3	1.8	1.5	1.5
Inventory: Materials and supplies	55.9	62.2	68.1	88.5	116.4	113.7	119.7
Inventory: Medical supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventory: Military stores	2.2	2.4	2.6	3.4	4.5	19.0	5.0
Inventory: Other consumables	14.7	16.4	18.0	23.3	30.7	34.5	36.6
Inventory: Stationery and printing	14.6	16.2	17.7	23.1	30.3	31.7	34.9
Lease payments	5.5	6.1	6.7	8.7	11.4	12.1	12.4
Owned and leasehold property expenditure	2.1	2.4	2.6	3.3	4.4	4.8	4.9
Travel and subsistence	63.9	71.2	77.9	101.3	132.9	131.4	137.1
Training and development	34.2	38.0	41.6	50.1	58.6	59.3	74.7
Operating expenditure	19.5	21.7	23.7	50.9	40.6	46.8	45.0
Venues and facilities	8.4	9.4	10.3	13.3	17.5	18.9	17.9
Financial transactions in assets and liabilities	20.2	4.2	3.4	—	—	—	—
<b>Transfers and subsidies</b>	<b>1 567.6</b>	<b>1 689.3</b>	<b>2 125.3</b>	<b>2 041.1</b>	<b>2 367.7</b>	<b>2 762.1</b>	<b>2 574.8</b>
Provinces and municipalities	5.9	1.5	11.6	—	—	—	—
Departmental agencies and accounts	1 538.6	1 643.7	2 065.9	2 018.3	2 281.8	2 672.8	2 485.3
Households	23.2	44.0	47.8	22.8	85.8	89.3	89.5

Table 19.5 Landward Defence (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Payments for capital assets</b>	<b>24.3</b>	<b>64.5</b>	<b>47.4</b>	<b>44.1</b>	<b>37.6</b>	<b>34.5</b>	<b>39.7</b>
Machinery and equipment	24.2	64.5	47.4	43.6	36.6	33.5	38.7
Software and other intangible assets	0.1	0.0	0.0	0.5	–	–	–
Specialised military assets	–	–	–	–	1.0	1.0	1.0
<b>Total</b>	<b>5 603.8</b>	<b>6 422.4</b>	<b>7 128.0</b>	<b>7 859.0</b>	<b>8 749.3</b>	<b>9 502.6</b>	<b>9 988.8</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>1 538.6</b>	<b>1 643.7</b>	<b>2 065.9</b>	<b>2 018.3</b>	<b>2 281.8</b>	<b>2 672.8</b>	<b>2 485.3</b>
Special defence account: Procurement services	1 073.5	1 208.9	1 249.5	1 203.0	1 365.4	1 296.9	1 004.0
Special defence account: Operating	465.1	434.8	816.4	815.3	916.5	1 375.9	1 481.3
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>23.2</b>	<b>44.0</b>	<b>47.8</b>	<b>22.8</b>	<b>85.8</b>	<b>89.3</b>	<b>89.5</b>
Severance packages	23.2	44.0	47.8	22.8	85.8	89.3	89.5

## Expenditure trends

The *Landward Defence* programme accounts for an average of 27.7 per cent of the department's total expenditure, which increases from R5.6 billion in 2005/06 to R10 billion in 2011/12 at an average annual rate of 10.1 per cent. This is mainly due to additional funding for: increasing the number of military skills development system members; financing the increased maintenance requirements of the South African Army's ageing operational vehicle fleet; initiating landward defence equipment renewal projects; procuring critical ammunition; and establishing a works regiment.

The projected 31 per cent increase in the *Engineering Capability* subprogramme in 2009/10 is due to the delivery milestones of the recovery vehicle and minefield breaching programmes. The 22.2 per cent increase in the *Artillery Capability* subprogramme in 2010/11 is due to the delivery milestones of the G6 mobile cannon upgrade programme and the light artillery capability programme. The projected increase of 24.3 per cent in the *Support Capability* subprogramme in 2010/11 is due to the migration of the signal formation and the Wonderboom and Garrison support bases from the command and management information systems and logistics divisions back to the South African Army.

The decreases of 37.9 per cent and 36.4 per cent in the *Armour Capability* and *Artillery Capability* subprogrammes in 2008/09 are because the main battle tank upgrade programme and the artillery target location and fire control systems were finalised in 2007/08. The projected 39.4 per cent decrease in the *Air Defence Artillery Capability* subprogramme is due to the finalisation of the new generation, man portable, ground to air missile programme in 2010/11.

The *Operational Intelligence* subprogramme peaks over 2008/09 and 2009/10 due to the acquisition of a mobile intelligence processing system. The projected 24.3 per cent increase in the *Support Capability* subprogramme in 2010/11 is due to the development and acquisition of a mass field feeding system and an operational supply product support system.

The increases of 15.4 per cent in 2007/08 and 35.2 per cent in 2009/10 in the *General Training Capability* subprogramme are due to increased provisions for the military skills development system and the establishment of a works regiment. The substantial increase of 238.4 per cent in the *Strategic Direction* subprogramme in 2009/10 is for two annual military exercises, Seboka (military skills development system integration) and Young Eagle (military skills development system airborne).

The average annual increase of 8.6 per cent in payments for capital assets between 2005/06 and 2011/12 is due to the replacement of obsolete vehicles, diesel engines, hand tool sets, parachutes and small craft, as well as the South African Army's efforts to improve its technical service capability.

## Programme 3: Air Defence

- *Strategic Direction* provides strategic direction to the *Air Defence* programme by formulating and controlling strategies, policies and plans via the air force office to prepare and provide the capabilities required by Chief of the South African National Defence Force. Funding is based on the cost of operating the air defence headquarters.
- *Operational Direction* provides operational direction to the *Air Defence* programme by means of an air command. Funding is based on the cost of operating the air command.
- *Helicopter Capability* provides and sustains operationally ready light utility helicopters, medium transport helicopters and combat support helicopters, crewed by appropriately qualified personnel. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Transport and Maritime Capability* provides and sustains operationally ready transport and maritime aircraft, crewed by appropriately qualified personnel. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of preparation exercises and training courses.
- *Air Combat Capability* provides and sustains operationally ready advanced light fighter aircraft, crewed by appropriately qualified personnel. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Operational Support and Intelligence Capability* prepares, develops, provides and supports protection support, intelligence systems and counter intelligence support to the South African Air Force through protection squadrons, intelligence subsystems and specialised intelligence training. Funding is distributed according to the number and size of squadrons, systems and equipment operating and maintenance requirements, and the number of training courses.
- *Command and Control Capability* supplies and maintains operationally ready command and control elements in support of air battle space operations. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Base Support Capability* provides air base infrastructure facilities to squadrons and resident units on bases, including the maintenance of all relevant systems and personnel, to support flying operations. Funding is distributed according to the number and size of air force bases and units, systems and equipment operating and maintenance requirements, and the number of training courses.
- *Command Post* renders command and control over all missions flown. Funding is distributed according to the number and size of command posts and deployments, and readiness and aircraft chartering requirements.
- *Training Capability* provides for the general education, training and development of South African Air Force personnel. Funding is distributed according to the number and size of units, systems and equipment operations and maintenance requirements, and the number of force preparation exercises and training courses.
- *Technical Support Services* establishes, maintains and prepares optimised technical and tactical logistic support capabilities to provide support to system groups and manage air service units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and contracted human resources and product system requirements.

## Objectives and measures

- Defend and protect South Africa and its airspace by providing:
  - 4 helicopter squadrons and 1 combat support squadron a year
  - 3 medium transport squadrons, 1 maritime and transport squadron, 1 light transport squadron and 9 reserve squadrons at the required readiness levels a year
  - 1 air combat squadron a year
  - a 24-hour air command and control capability.



## Service delivery and spending focus

In 2007/08, 36 716 flying hours were recorded, of which 12 271 were force employment hours in support of joint operations. The South African Air Force flew 2 280 hours in support of deployments in Mozambique (assistance during floods and munitions clearing up), Comoros (election support and support to deployed South African Police Service members) and the Central African Republic (military assistance and training). The Air Force reserves generated 8.5 per cent of the force employment flying hours, in support of the department's one force core growth strategy. South African Air Force support for government initiatives also included local and international exercises with the South African army, navy and police, the United States navy and the German air force. The integration and operationalisation of the strategic defence package aircraft continued.

In the first half of 2008/09, the South African Air Force rescued 9 people from a burning complex in Pretoria and supported fire fighting operations in Eastern Cape, Limpopo, North West and Free State. The Africa Aerospace and Defence Exhibition 2008 was hosted by the South African Air Force. The Gripen aircraft was officially accepted at this event.

Over the MTEF period, *Air Defence* spending will focus on creating and restoring capacity and capabilities to supply prepared forces and support these forces once deployed. To create air systems capacity, the spending focus is on integrating new systems to ensure sustainability. To ensure the sustainability of human resources, the spending focus is on developing and maintaining skills and retaining scarce skills.

## Expenditure estimates

**Table 19.6 Air Defence**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Strategic Direction	12.2	12.5	11.7	12.1	14.9	16.6	19.9
Operational Direction	157.1	139.7	169.5	85.2	69.7	91.6	88.4
Helicopter Capability	1 358.0	1 490.7	1 232.1	1 194.0	823.5	1 042.1	844.3
Transport and Maritime Capability	236.5	715.8	851.7	1 636.2	2 662.4	3 059.5	3 210.5
Air Combat Capability	4 502.0	3 085.4	3 133.7	2 990.4	4 299.9	2 040.0	1 945.9
Operational Support and Intelligence Capability	143.0	121.6	143.4	162.8	209.0	255.9	569.0
Command and Control Capability	180.0	191.6	200.1	223.1	208.2	256.7	282.0
Base Support Capability	710.9	779.8	783.2	923.1	1 074.3	1 073.1	1 193.9
Command Post	40.5	65.4	32.1	26.7	30.2	30.8	32.3
Training Capability	190.6	200.3	237.7	287.6	385.6	500.7	666.7
Technical Support Services	394.1	458.9	519.7	500.0	494.4	518.2	549.5
<b>Total</b>	<b>7 924.7</b>	<b>7 261.7</b>	<b>7 314.8</b>	<b>8 041.4</b>	<b>10 272.0</b>	<b>8 885.1</b>	<b>9 402.4</b>
Change to 2008 Budget estimate				(965.1)	1 922.9	(27.6)	(92.3)

Table 19.6 Air Defence (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>2 449.0</b>	<b>2 450.3</b>	<b>2 690.5</b>	<b>3 075.9</b>	<b>3 350.6</b>	<b>3 594.1</b>	<b>4 190.4</b>
Compensation of employees	1 362.3	1 376.0	1 502.3	1 643.5	1 772.9	1 856.8	1 956.7
Goods and services	1 086.0	1 072.8	1 187.9	1 432.4	1 577.7	1 737.3	2 233.7
<i>of which:</i>							
Advertising	0.4	0.4	0.5	0.5	0.6	0.6	0.6
Assets less than R5 000	11.0	10.9	12.0	14.0	16.0	24.4	25.9
Communication	5.4	5.3	5.9	6.8	7.8	8.3	8.8
Computer services	34.0	33.6	37.2	43.1	49.4	51.9	51.8
Consultants and professional services: Business and advisory services	28.5	28.2	31.2	36.1	41.4	41.6	38.7
Consultants and professional services: Infrastructure and planning	1.7	1.7	1.8	2.1	2.4	3.3	3.6
Contractors	473.8	468.1	518.3	600.7	688.2	754.9	792.5
Agency and support / outsourced services	151.2	149.4	165.4	191.7	219.7	230.7	244.2
Inventory: Food and food supplies	44.4	43.9	48.6	56.3	64.5	65.7	63.5
Inventory: Fuel, oil and gas	163.5	161.6	178.9	262.9	237.5	292.1	734.2
Inventory: Learner and teacher support material	4.6	4.6	5.0	5.8	6.7	6.9	7.3
Inventory: Materials and supplies	12.3	12.2	13.5	15.6	17.9	17.5	18.6
Inventory: Military stores	5.3	5.2	5.8	6.7	7.6	8.1	8.6
Inventory: Other consumables	20.1	19.8	22.0	25.5	29.2	37.1	32.7
Inventory: Stationery and printing	8.3	8.2	9.1	10.5	12.0	12.4	13.6
Lease payments	12.9	12.8	14.1	16.4	19.1	20.0	21.3
Owned and leasehold property expenditure	1.6	1.5	1.7	2.0	2.3	2.3	2.5
Travel and subsistence	36.5	36.1	39.9	46.3	53.0	53.7	57.4
Training and development	22.6	22.3	24.7	28.6	32.8	34.4	35.8
Operating expenditure	47.3	46.7	51.7	59.9	68.6	70.5	70.9
Venues and facilities	0.5	0.5	0.5	0.6	0.7	0.8	0.9
Financial transactions in assets and liabilities	0.7	1.5	0.2	–	–	–	–
<b>Transfers and subsidies</b>	<b>5 439.1</b>	<b>4 767.2</b>	<b>4 567.9</b>	<b>4 942.5</b>	<b>6 900.5</b>	<b>5 267.6</b>	<b>5 186.4</b>
Provinces and municipalities	2.3	0.6	6.3	–	–	–	–
Departmental agencies and accounts	5 427.9	4 729.6	4 537.9	4 924.0	6 886.4	5 252.9	5 172.2
Households	8.9	37.0	23.8	18.5	14.1	14.7	14.2
<b>Payments for capital assets</b>	<b>36.6</b>	<b>44.2</b>	<b>56.3</b>	<b>23.0</b>	<b>20.9</b>	<b>23.5</b>	<b>25.6</b>
Machinery and equipment	34.9	43.8	55.7	23.0	15.7	18.0	19.8
Software and other intangible assets	1.7	0.4	0.7	0.0	–	–	–
Specialised military assets	–	–	–	–	5.2	5.5	5.7
<b>Total</b>	<b>7 924.7</b>	<b>7 261.7</b>	<b>7 314.8</b>	<b>8 041.4</b>	<b>10 272.0</b>	<b>8 885.1</b>	<b>9 402.4</b>

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>5 427.9</b>	<b>4 729.6</b>	<b>4 537.9</b>	<b>4 924.0</b>	<b>6 886.4</b>	<b>5 252.9</b>	<b>5 172.2</b>
Special defence account: Operating services	20.1	30.3	28.4	5.7	49.3	7.7	14.2
Special defence account: Equipment procurement	632.5	1 361.2	1 648.1	2 260.0	3 158.0	3 574.2	3 854.3
Special defence account: Strategic defence programme	4 775.3	3 338.1	2 861.4	2 658.4	3 679.1	1 670.9	1 303.7
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>8.9</b>	<b>37.0</b>	<b>23.8</b>	<b>18.5</b>	<b>14.1</b>	<b>14.7</b>	<b>14.2</b>
Severance packages	8.9	37.0	23.8	18.5	14.1	14.7	14.2



## Expenditure trends

The *Air Defence* programme accounts for an average 29.7 per cent of the department's total expenditure, and increases from R7.9 billion in 2005/06 to R9.4 billion in 2011/12 at an average annual rate of 2.9 per cent. The projected decrease of 13.5 per cent in total spending in 2010/11 is due to production and delivery milestones in the strategic airlift capability and light fighter aircraft procurement project, which peaks in 2009/10. This also explains the sharp decrease of 52.6 per cent in the *Air Combat Capability* subprogramme in 2010/11.

The *Helicopter Capability* subprogramme declined at an average annual rate of 4.2 per cent between 2005/06, from R1.4 billion to R1.2 billion. It is expected to decline further at an average annual rate of 10.9 per cent over the medium term to reach R844.3 million in 2011/12. These decreases are due to the finalisation of the maritime helicopter and light utility helicopter projects in 2009/10 and 2010/11.

The average annual increases over the medium term of 32.3 per cent in the *Training Capability* subprogramme, 8.1 per cent in the *Command and Control Capability* subprogramme, and 51.8 per cent in the *Operational Support and Intelligence Capability* subprogramme are due to the upgrade of the Pilatus PC7 Mk11 Astra trainer aircraft and radar and ground navigation systems, and the replacement of fire fighting vehicles.

## Programme 4: Maritime Defence

- *Maritime Direction* provides strategic direction to the *Maritime Defence* programme by formulating and controlling strategies, policies, plans and advice to prepare and provide the maritime capabilities required for the defence and protection of South Africa. Funding is based on the cost of operating the naval headquarters.
- *Maritime Combat Capability* provides mission ready and supported maritime combat capabilities in accordance with the approved force design of the Department of Defence. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Maritime Logistic Support Capability* sustains the availability of the force structure elements in the naval force design to ensure compliance with ordered operational commitments. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Maritime Training Capability* ensures that maritime combat capability requirements are met in terms of qualified personnel, for regular and reserve members. Funding is distributed according to the number and size of units, systems and equipments operations and maintenance requirements, and the number of force preparation exercises and training courses.
- *Base Support Capability* provides a general base support capability to ships and submarines, shore units and other identified clients to ensure that the fleet complies with specified operational readiness levels. Funding is distributed according to the size of the naval base, systems and equipment operating and maintenance requirements, and the number of training courses.

## Objectives and measures

- Defend and protect South Africa and its maritime zones by providing:
  - a surface combat capability of 4 frigates, 1 combat support vessel, 3 offshore patrol vessels, 3 inshore patrol vessels and a maritime reaction squadron in each annual operational cycle
  - a sub-surface combat capability of 3 submarines in each annual operational cycle
  - 2 mine countermeasures systems in each annual operational cycle to ensure safe access to South African harbours, and where mine clearance may be required
  - an ongoing hydrographic survey capability to ensure safe navigation in charting areas and to meet an international obligation.

## Service delivery and spending focus

In 2007/08, the South African Navy provided forces in support of peace initiatives in Sudan and to the UN missions in the Democratic Republic of the Congo and Burundi. Training assistance was provided as part of the initiative to the Central African Republic. Preparatory exercises in support of the 2010 FIFA World Cup, including joint exercises to monitor the movement of air traffic, were conducted. Naval deployments in cooperation with the South African Police Service helped to enforce state authority and protect marine resources in the western and southern Cape. Exercises were conducted with the navies of Brazil, France, Germany, Ghana, Kenya, the Netherlands, Tanzania and the United States of America to improve interoperability with modern and well established navies. Exercise Amazolo established the credible performance of the South African Navy with the North Atlantic Treaty Organisation task group. Exercise Good Hope III enabled the South African Navy to test its frigate doctrine, tactics and interoperability with the German navy and air force.

In the first half of 2008/09, the South African Navy took command of its third and last Type 209 submarine, the SAS QUEEN MODJAJI I. 2 multinational naval exercises were conducted: one with the Indian and Brazilian navies, and one with the Uruguayan, Brazilian and Argentinean navies. 12 South African Navy vessels participated in the presidential fleet review in September 2008.

Over the MTEF period, *Maritime Defence* spending will focus on the preparation and maintenance of the approved force structure elements (deployable assets) and the associated force structure (supporting elements), including the associated human resources at the required readiness levels, to meet maritime defence commitments in a sustained manner. It will also focus on finalising all activities for the full acceptance and integration of the strategic defence package frigates, helicopters and submarines. The South African Navy will continue to develop naval capabilities for government peace support operations and engagements in Africa.

## Expenditure estimates

**Table 19.7 Maritime Defence**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Maritime Direction	289.0	276.0	273.9	362.2	365.5	404.0	492.9
Maritime Combat Capability	2 127.3	1 705.2	1 160.7	476.6	529.1	568.0	485.7
Maritime Logistic Support Capability	175.0	190.7	409.5	489.8	436.9	450.8	475.0
Maritime Training Capability	108.4	134.8	144.3	168.5	219.9	207.5	192.4
Base Support Capability	320.1	336.4	408.4	393.3	416.9	471.9	499.1
<b>Total</b>	<b>3 019.8</b>	<b>2 643.1</b>	<b>2 396.7</b>	<b>1 890.4</b>	<b>1 968.3</b>	<b>2 102.2</b>	<b>2 145.1</b>
Change to 2008 Budget estimate				80.8	(40.8)	97.1	34.6

Table 19.7 Maritime Defence (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 171.7</b>	<b>1 268.4</b>	<b>1 328.4</b>	<b>1 467.7</b>	<b>1 533.2</b>	<b>1 626.5</b>	<b>1 739.9</b>
Compensation of employees	805.7	880.8	916.4	969.3	999.7	1 057.1	1 158.2
Goods and services	365.6	387.2	411.0	498.5	533.6	569.4	581.6
of which:							
Assets less than R5 000	8.7	9.2	9.7	11.2	13.1	14.3	15.5
Communication	7.1	7.5	8.0	9.2	10.7	11.1	11.4
Computer services	17.5	18.6	19.7	22.8	26.5	14.9	15.7
Consultants and professional services: Business and advisory services	9.8	10.3	11.0	12.6	14.7	15.5	16.3
Consultants and professional services: Infrastructure and planning	4.1	4.4	4.6	5.3	6.2	6.8	7.1
Contractors	87.0	92.1	97.8	112.8	131.3	133.8	135.7
Agency and support / outsourced services	15.7	16.6	17.7	20.4	23.7	5.8	5.8
Inventory: Food and food supplies	34.6	36.6	38.9	44.8	52.2	59.3	60.1
Inventory: Fuel, oil and gas	84.5	89.5	95.0	133.9	109.3	138.9	132.2
Inventory: Learner and teacher support material	0.3	0.4	0.4	0.4	0.5	0.5	0.5
Inventory: Materials and supplies	14.2	15.1	16.0	18.5	21.5	27.6	29.4
Inventory: Military stores	11.4	12.1	12.8	14.8	17.2	22.6	23.9
Inventory: Other consumables	14.0	14.9	15.8	18.2	21.2	25.8	27.8
Inventory: Stationery and printing	4.1	4.3	4.6	5.3	6.2	6.6	6.9
Lease payments	6.0	6.4	6.8	7.8	9.1	10.9	12.7
Owned and leasehold property expenditure	5.3	5.7	6.0	6.9	8.1	8.7	9.7
Travel and subsistence	26.0	27.5	29.2	33.7	39.1	36.3	38.1
Training and development	6.2	6.6	7.0	8.0	9.4	13.3	14.1
Operating expenditure	6.6	7.0	7.4	8.6	10.0	13.2	14.7
Venues and facilities	2.3	2.4	2.5	2.9	3.4	3.6	3.7
Financial transactions in assets and liabilities	0.4	0.3	1.0	—	—	—	—
<b>Transfers and subsidies</b>	<b>1 814.0</b>	<b>1 339.0</b>	<b>1 034.4</b>	<b>403.3</b>	<b>395.9</b>	<b>403.1</b>	<b>328.9</b>
Provinces and municipalities	1.1	0.3	11.7	—	—	—	—
Departmental agencies and accounts	1 804.8	1 316.9	948.2	255.5	272.1	268.3	188.5
Public corporations and private enterprises	—	—	58.5	117.7	101.1	111.4	117.0
Households	8.1	21.7	16.0	30.1	22.7	23.4	23.4
<b>Payments for capital assets</b>	<b>34.1</b>	<b>35.8</b>	<b>33.8</b>	<b>19.4</b>	<b>39.1</b>	<b>72.6</b>	<b>76.3</b>
Buildings and other fixed structures	—	—	13.7	—	22.3	54.4	57.2
Machinery and equipment	33.5	35.1	20.0	19.1	13.0	14.8	15.6
Software and other intangible assets	0.7	0.7	0.1	0.3	0.2	0.3	0.3
Specialised military assets	—	—	—	—	3.6	3.2	3.2
<b>Total</b>	<b>3 019.8</b>	<b>2 643.1</b>	<b>2 396.7</b>	<b>1 890.4</b>	<b>1 968.3</b>	<b>2 102.2</b>	<b>2 145.1</b>

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>1 804.8</b>	<b>1 316.9</b>	<b>948.2</b>	<b>255.5</b>	<b>272.1</b>	<b>268.3</b>	<b>188.5</b>
Special defence account: Operating services	50.3	30.9	53.6	46.3	69.1	56.1	39.0
Special defence account: Equipment procurement	100.3	87.9	141.8	101.0	134.1	160.6	125.8
Special defence account: Strategic defence programme	1 654.1	1 198.1	752.8	108.2	68.9	51.6	23.7
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>—</b>	<b>—</b>	<b>58.5</b>	<b>117.7</b>	<b>101.1</b>	<b>111.4</b>	<b>117.0</b>
Armaments Corporation of South Africa: Dockyard	—	—	58.5	117.7	101.1	111.4	117.0
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>8.1</b>	<b>21.7</b>	<b>16.0</b>	<b>30.1</b>	<b>22.7</b>	<b>23.4</b>	<b>23.4</b>
Severance packages	8.1	21.7	16.0	30.1	22.7	23.4	23.4

## Expenditure trends

The *Maritime Defence* programme accounts for an average 8.1 per cent of the department's total expenditure. Programme expenditure decreases from R3 billion in 2005/06 to R2.1 billion in 2011/12, at an average annual rate of 5.5 per cent, mainly due to the commissioning of the frigates and submarines in the first half of the seven-year period. This also explains the decreases of 19.8 per cent in 2006/07, 31.9 per cent in 2007/08 and 58.9 per cent in 2008/09 in the *Maritime Combat Capability* subprogramme.

The increase of 114.7 per cent in the *Maritime Logistics Support Capability* subprogramme between 2006/07 and 2007/08 was because items with a logistical function under the *Maritime Combat Capability* subprogramme were shifted to the *Maritime Logistics Support Capability* subprogramme. The projected 22 per cent increase in the *Maritime Direction* subprogramme in 2011/12 is based on the South African Navy's staffing targets over the MTEF period to recruit Public Service Act (1994) personnel for combat, technical, diving and submarines functions.

Transfers and subsidies took up an average of 51.3 per cent of programme expenditure between 2005/06 and 2008/09 due to the procurement of the frigates and submarines as part of the strategic defence procurement programme. The projected average annual increase of 57.8 per cent in payments for capital assets over the medium term makes provision for investment in the sea mine detection capability for use during the 2010 FIFA World Cup and the upgrade of existing training facilities at SAS SALDANHA to cater for the increased military skills development system intake.

## Programme 5: Military Health Support

- *Strategic Direction* formulates strategy, policies and plans, and gives advice from the surgeon-general's office to prepare and provide the capabilities required by the Chief of the South African National Defence Force. Funding is based on the cost of operating the military health headquarters.
- *Mobile Military Health Support* provides health support elements for deployed and contingency forces. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation activities.
- *Area Military Health Service* provides a comprehensive, self supporting, multidisciplinary geographic military health service through a formation headquarters, commanding and controlling nine area military health units to ensure a healthy military community. Funding is distributed according to the number and size of units and health care facilities, systems and equipment operating and maintenance requirements, the number and type of patient health services, and the number of force preparation exercises.
- *Specialist/Tertiary Health Service* provides a specialist health service to develop and maintain tertiary military health capabilities within the parameters of the relevant legislation, as contained in the South African Military Health Service strategy. Funding is distributed according to the number and size of military hospitals and specialist units, systems and equipment operating and maintenance requirements, the number and type of patient health services, and the number of force preparation exercises.
- *Military Health Product Support Capability* provides for: warehousing pharmaceuticals, sundries, military health mobilisation equipment and unique stock; procuring unique military health products, materials and services; and an asset management service, military health product systems and cooperative common military health logistics. Funding is distributed according to the number and size of units, the use of military health products, equipment and consumables, and the requirements for maintaining strategic military health reserves.
- *Base Support Capability* provides general base support services to identified South African Medical Health units to sustain and maintain the approved force design and structure. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements.
- *Military Health Training Capability* provides a military health training service to develop and maintain military health training capabilities within the parameters of the relevant legislation and policies. Funding is distributed according to the training inputs of the sub-units, equipment operating and maintenance

requirements, the number of force preparation exercises and training courses, and the number of training courses presented to SADC countries.

## Objectives and measures

- Provide prepared and supported health capabilities and services by providing:
  - a health support capability of 5 medical battalion groups per year, including 1 specialist medical battalion group, for deployed and contingency forces
  - a military health service which provides a comprehensive multidisciplinary health service to a projected patient population of 230 000 members per year.

## Service delivery and spending focus

In 2007/08, the South African Military Health Service provided support to the Department of Health during the public service strike. Training capabilities were increased and facilities such as the military hospitals upgraded, resulting in less inpatients being referred or admitted to non-military facilities. The renewal of the ambulance fleet over three years began, as well as the renewal of all main medical equipment in the 3 military hospitals. 254 336 patients were seen in 725 343 consultations in the nine provinces, and 24 383 inpatients were seen in 313 061 consultations in the military hospitals and specialist facilities. South African Military Health Service health care professionals were deployed in all South African National Defence Force external and internal military operations. 1 Military Hospital provided a level 4 facility as required by the United Nations.

In the first half of 2008/09, various initiatives were implemented to train and retain health professionals. By the end of September 2008, 11 523 inpatients had been treated. The increased demands for health care, assessments and medical support in the provinces were met, with a total of 335 755 patients treated by the end of September 2008. A successful joint chemical, biological and radiation defence exercise was conducted in preparation for the 2010 FIFA World Cup. A memorandum of collaboration between the departments of defence and health aims to improve the availability and accessibility of health services for approved patients of the department, augment scarce health professionals, and allow for controlled referrals of patients from both departments. The court order stemming from the court case on HIV management in the Department of Defence has necessitated policy changes. An international workshop in Mexico in September 2008, with identified SADC and other countries, academic experts and leading stakeholders, provided input for a revised HIV and AIDS policy.

Over the MTEF period, *Military Health Support* spending will focus on contributing to force preparation to improve the readiness of the South African National Defence Force. Health is an imperative for government, and the South African Military Health Service is mandated to act as the health service provider for soldiers and their dependants, as well as approved clientele such as principals, VIPs and other dignitaries, and vulnerable groups such as military veterans. Over the MTEF period, the health service will direct spending towards improving health care services. Projects will focus on improving operational support capabilities, and tertiary, specialist and geographic or base orientated capabilities. The training capability will be improved to ensure competency in health care human resources. The service will develop its disaster management capability and its capability to assist in a national crisis.

## Expenditure estimates

**Table 19.8 Military Health Support**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Strategic Direction	81.3	88.4	119.0	154.3	191.3	186.7	190.8
Mobile Military Health Support	56.9	64.7	77.8	73.6	79.7	117.0	146.7
Area Military Health Service	585.1	632.9	678.6	699.3	779.4	822.8	859.7
Specialist/Tertiary Health Service	561.9	585.7	649.1	769.3	820.9	866.6	888.9
Military Health Product Support Capability	91.6	109.3	103.6	152.0	219.1	226.2	238.0
Base Support Capability	85.7	120.8	114.5	132.8	132.7	138.4	212.2
Military Health Training Capability	94.9	103.5	135.2	167.0	217.5	248.3	255.6
<b>Total</b>	<b>1 557.2</b>	<b>1 705.2</b>	<b>1 877.7</b>	<b>2 148.2</b>	<b>2 440.6</b>	<b>2 605.9</b>	<b>2 791.8</b>
Change to 2008 Budget estimate				29.0	(6.0)	(3.1)	29.5

Table 19.8 Military Health Support (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 489.7</b>	<b>1 592.6</b>	<b>1 793.3</b>	<b>2 051.3</b>	<b>2 374.9</b>	<b>2 512.9</b>	<b>2 673.0</b>
Compensation of employees	1 032.9	1 063.0	1 194.1	1 389.7	1 560.4	1 647.2	1 806.6
Goods and services	455.2	529.3	597.4	661.7	814.4	865.7	866.3
of which:							
Assets less than R5 000	10.9	12.7	14.4	16.0	20.3	20.4	20.8
Communication	5.0	5.8	6.5	7.3	9.2	9.8	10.2
Computer services	46.5	54.0	61.0	67.9	86.0	87.6	89.8
Consultants and professional services: Business and advisory services	3.5	4.0	4.5	5.1	6.4	6.4	6.4
Consultants and professional services: Infrastructure and planning	0.3	0.3	0.4	0.4	0.5	0.5	0.5
Consultants and professional services: Laboratory service	10.1	11.7	13.2	14.7	18.7	21.6	21.9
Contractors	128.4	149.3	168.5	187.8	209.6	237.6	246.7
Agency and support / outsourced services	13.8	16.1	18.2	20.2	25.6	27.9	29.1
Inventory: Food and food supplies	16.8	19.5	22.0	24.5	31.0	32.9	33.3
Inventory: Fuel, oil and gas	12.4	14.5	16.3	18.2	23.0	22.9	31.3
Inventory: Learner and teacher support material	0.7	0.8	0.9	1.0	1.3	1.3	1.3
Inventory: Materials and supplies	3.1	3.7	4.1	4.6	5.8	6.0	6.1
Inventory: Medical supplies	138.6	161.1	181.9	198.6	256.5	266.6	241.4
Inventory: Military stores	0.5	0.5	0.6	0.7	0.8	0.9	0.9
Inventory: Other consumables	14.2	16.5	18.6	20.7	26.3	26.6	26.8
Inventory: Stationery and printing	6.6	7.7	8.7	9.7	12.2	12.7	13.0
Lease payments	4.1	4.8	5.4	6.0	7.6	8.0	8.2
Owned and leasehold property expenditure	8.4	9.8	11.0	12.3	15.5	16.9	17.7
Travel and subsistence	15.8	18.4	20.8	23.1	29.3	30.0	31.1
Training and development	6.2	7.2	8.1	9.0	11.4	11.4	11.4
Operating expenditure	6.8	7.9	8.9	10.0	12.6	12.8	12.9
Venues and facilities	2.3	2.7	3.0	3.4	4.3	4.5	4.8
Financial transactions in assets and liabilities	1.6	0.2	1.7	–	–	–	–
<b>Transfers and subsidies</b>	<b>10.1</b>	<b>25.0</b>	<b>15.2</b>	<b>14.5</b>	<b>9.2</b>	<b>32.8</b>	<b>55.0</b>
Provinces and municipalities	2.0	0.5	0.3	–	–	–	–
Departmental agencies and accounts	–	0.9	1.1	1.5	1.8	24.5	46.6
Non-profit institutions	0.3	0.3	–	0.6	0.4	0.4	0.4
Households	7.8	23.3	13.8	12.4	7.0	8.0	8.0
<b>Payments for capital assets</b>	<b>57.5</b>	<b>87.6</b>	<b>69.3</b>	<b>82.4</b>	<b>56.5</b>	<b>60.2</b>	<b>63.9</b>
Buildings and other fixed structures	–	–	0.8	0.1	0.1	0.1	0.1
Machinery and equipment	57.5	87.6	68.5	81.8	56.4	60.1	63.7
Biological and cultivated assets	–	–	–	0.1	–	–	–
Software and other intangible assets	–	0.1	–	0.3	0.0	0.0	0.0
<b>Total</b>	<b>1 557.2</b>	<b>1 705.2</b>	<b>1 877.7</b>	<b>2 148.2</b>	<b>2 440.6</b>	<b>2 605.9</b>	<b>2 791.8</b>

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>–</b>	<b>0.9</b>	<b>1.1</b>	<b>1.5</b>	<b>0.8</b>	<b>23.5</b>	<b>45.5</b>
Special defence account: Equipment procurement	–	0.9	1.1	1.5	0.8	23.5	45.5
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>7.8</b>	<b>23.3</b>	<b>13.8</b>	<b>12.4</b>	<b>7.0</b>	<b>8.0</b>	<b>8.0</b>
Severance packages	7.8	23.3	13.8	12.4	7.0	8.0	8.0



## Expenditure trends

The *Military Health Support* programme accounts for an average 7.6 per cent of the department's total budget. Spending increases from R1.6 billion in 2005/06 to R2.8 billion in 2011/12, at an average annual rate of 10.2 per cent. This is mainly due to the higher than average increase in the remuneration of health professionals, the rollout of antiretrovirals, and increased military skills development system intakes.

The projected average annual increase of 25.8 per cent in the *Mobile Military Health Support* subprogramme and 16.1 per cent in the *Military Health Product Support Capability* subprogramme over the MTEF period is due to the start of the defence against chemical and biological warfare project, the planned building of a new military health depot, and the improvement and maintenance of the health informatics system.

The increase of 30.2 per cent in the *Military Health Training Capability* subprogramme between 2008/09 and 2009/10 is due to the provision of additional funding for the military skills development system. The projected increase of 53.3 per cent in the *Base Support Capability* subprogramme in 2011/12 is for the planned reactivation of military health technical support capabilities through regular and reserve members.

The provision for the defence against chemical and biological warfare project is included in the projected average annual increase of 56 per cent in transfers and subsidies over the medium term. The average annual increases of 9.1 per cent and 9.4 per cent in compensation of employees and goods and services over the medium term are due to additional allocations for the military skills development system and the procurement of medical consumables.

## Programme 6: Defence Intelligence

- *Strategic Direction* provides defence intelligence policy, doctrine and intelligence advice to support the department's decision making and policy formulating processes. Funding is based on the cost of operating the defence intelligence headquarters.
- *Operations* provides timely defence prediction, intelligence and counterintelligence capabilities and services. Funding is distributed according to the number and size of intelligence offices, systems and equipment operating and maintenance requirements, and the number of intelligence products produced.
- *Defence Intelligence Support Services* provides human resource, logistics, planning, security, labour relations, and training and information support services to the defence intelligence community. Funding is distributed according to the number and size of units and offices, equipment operations and maintenance requirements, and the number of force preparation exercises and training courses.

## Objectives and measures

The detail of the output of *Defence Intelligence* is classified and not available to the public.

## Service delivery and spending focus

In 2007/08, critical advice and support were provided during the peace processes in the Democratic Republic of the Congo, Burundi, Côte d'Ivoire, and Sudan. The department assisted with training Democratic Republic of the Congo armed forces in military intelligence. The department worked closely with the joint operations division to plan operations in support of other government departments, especially for borderline security and major events, as well as to update the African battle space analysis. Intelligence training opportunities were provided for participants from Africa. In September 2007, a foreign intelligence course was presented at the South African Defence Intelligence College, attended by 24 participants from 17 countries. Support was provided to the SADC intelligence course conducted in Tanzania.

In the first half of 2008/09, integrated intelligence in the national intelligence coordinating committee environment was promoted by the participation of department members in 10 integrated departmental task teams. The department continued its involvement in post-conflict reconstruction and training projects with its training of the Democratic Republic of the Congo intelligence service and peacekeeping operations and



initiatives in the Democratic Republic of the Congo and Burundi. Members of the department contributed to the Zimbabwean and Angolan elections processes as observers.

Over the MTEF period, *Defence Intelligence* spending will focus on the provision of strategic and operation intelligence and counterintelligence to support ministry and department activities, and government.

## Expenditure estimates

**Table 19.9 Defence Intelligence**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Strategic Direction	0.1	1.2	1.3	1.3	1.5	1.5	1.5
Operations	47.0	206.9	301.4	336.2	393.0	411.6	431.7
Defence Intelligence Support Services	172.4	145.4	158.4	180.9	195.2	199.8	213.5
<b>Total</b>	<b>219.5</b>	<b>353.6</b>	<b>461.1</b>	<b>518.4</b>	<b>589.8</b>	<b>612.9</b>	<b>646.8</b>
Change to 2008 Budget estimate				8.6	10.1	4.4	4.9

### Economic classification

<b>Current payments</b>	<b>141.7</b>	<b>147.4</b>	<b>158.0</b>	<b>182.7</b>	<b>195.4</b>	<b>202.2</b>	<b>216.1</b>
Compensation of employees	131.4	138.0	147.0	164.2	170.7	177.6	188.7
Goods and services	10.3	9.4	11.0	18.5	24.7	24.6	27.5
of which:							
Assets less than R5 000	0.5	0.4	0.5	0.8	1.2	0.7	0.7
Communication	0.8	0.7	0.8	1.3	1.9	1.9	1.9
Contractors	1.4	1.3	1.5	2.4	3.5	2.6	2.7
Inventory: Food and food supplies	0.9	0.9	1.0	1.6	1.5	2.4	2.4
Inventory: Fuel, oil and gas	0.8	0.7	0.8	2.0	1.9	1.8	4.4
Inventory: Learner and teacher support material	0.4	0.4	0.5	0.8	1.1	1.1	1.1
Inventory: Materials and supplies	0.4	0.3	0.4	0.6	0.9	0.9	0.9
Inventory: Other consumables	0.5	0.5	0.5	0.9	1.2	1.3	1.3
Inventory: Stationery and printing	0.5	0.5	0.6	0.9	1.3	1.3	1.4
Lease payments	0.4	0.3	0.4	0.7	0.9	1.4	1.5
Travel and subsistence	2.5	2.3	2.6	4.3	6.2	6.2	6.3
Training and development	0.7	0.7	0.8	1.3	1.8	1.9	1.9
Operating expenditure	0.2	0.2	0.2	0.4	0.5	0.2	0.2
Venues and facilities	0.2	0.2	0.2	0.4	0.5	0.5	0.5
Financial transactions in assets and liabilities	0.0	0.0	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>73.5</b>	<b>203.1</b>	<b>302.4</b>	<b>335.0</b>	<b>393.7</b>	<b>410.1</b>	<b>429.9</b>
Provinces and municipalities	0.2	0.1	0.0	–	–	–	–
Departmental agencies and accounts	70.3	201.0	296.2	332.4	391.5	410.1	429.9
Households	2.9	2.0	6.2	2.6	2.2	–	–
<b>Payments for capital assets</b>	<b>4.2</b>	<b>3.1</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>
Machinery and equipment	4.2	3.1	0.7	0.7	0.6	0.7	0.7
<b>Total</b>	<b>219.5</b>	<b>353.6</b>	<b>461.1</b>	<b>518.4</b>	<b>589.8</b>	<b>612.9</b>	<b>646.8</b>

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>70.3</b>	<b>201.0</b>	<b>296.2</b>	<b>332.4</b>	<b>391.5</b>	<b>410.1</b>	<b>429.9</b>
Special defence account	30.7	–	–	–	–	–	–
Special defence account: Intelligence related	39.6	201.0	74.8	76.9	391.5	410.1	429.9
Special defence account: Operating	–	–	221.4	255.5	–	–	–
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>2.9</b>	<b>2.0</b>	<b>6.2</b>	<b>2.6</b>	<b>2.2</b>	<b>–</b>	<b>–</b>
Severance packages	2.9	2.0	6.2	2.6	2.2	–	–

## Expenditure trends

The *Defence Intelligence* programme increases from R219.5 million in 2005/06 to an expected R646.8 million in 2011/12, at an average annual rate of 19.7 per cent. The high average increase is due to the planned investment in and development of a strategic information collection capability in the *Operations* subprogramme.

## Programme 7: General Support

- *Joint Logistic Services* provides logistic services to the department. Funding is distributed according to the number and size of units, use and warehousing requirements for ammunition, main equipment and stores, the defence facility repair and maintenance programme, and the number of training courses.
- *Command and Management Information Services* provides command and management information and related services to the department. Funding is distributed according to the number and size of mainframe systems, the communication infrastructure operated by the department, and maintenance and upgrading requirements.
- *Military Police* provides a military policing capability to the department. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Technology Development* provides for establishing and sustaining selected science and technology capabilities in the defence industry. Funding is distributed according to the requirements for strategically essential research about sensors, signal processing, protection, chemical biological defence and information warfare and security.
- *Departmental Support* provides for the payment of corporate departmental obligations such as transfer payments to public entities, legal fees, external audits, public private partnership transaction advisors, and bank charges. Funding is distributed according to the service level agreement with the public entity, expected interaction with the auditor-general and state attorney, historical banking costs and public private partnership expectations.
- *British Peace Support and Training Team* provides for the personnel from the United Kingdom Department of Defence who provide services to the SANDF. Funding is distributed based on the memorandum of understanding with the United Kingdom.

## Objectives and measures

- Provide general support capabilities and services by:
  - ensuring 90 per cent serviceability of deployed equipment by providing a joint logistic operational support group
  - repairing and maintaining the department's infrastructure at 33 bases over the next 3 years (12 in 2009/10, 9 in 2010/11 and 12 in 2011/12).
- Provide the department with key information and communication systems by:
  - ensuring that the mainframe service is available 98 per cent of the time and the wide area network 95 per cent of the time
  - providing information and communication systems solutions in accordance with the defence enterprise information systems master plan, as per the programme and project milestones and associated deliverables.
- Reduce the number of new criminal cases under investigation by the military police by 5 per cent a year by sustaining 1 provost company for deployment, 22 area offices and 22 detachments for investigations and crime prevention, and 2 military correctional facilities.

## Service delivery and spending focus

In 2007/08, a logistics intervention and repositioning programme was established to address critical logistical issues in the South African National Defence Force. Good progress was made with repairs at 3 Military

Hospital, 4 SA Infantry Battalion, Air Force Base Waterkloof and 35 Engineer Support Regiment. These multi-year projects will continue into the next financial year as scheduled. The upgrading of the runway at Waterkloof was a major project in 2007/08. The department successfully supported 11 peace support operations and 10 joint and multinational exercises. A simulation exercise tested the disaster recovery plan for the corporate information and communication systems. 1 454 learners received training at the School of Signals. 136 military skills development system members entered the division during the year and an increased number of reserve members were used as part of building the one force concept. 86 military police members were deployed in external operations. 3 548 criminal and disciplinary cases involving Department of Defence personnel or equipment were successfully finalised. 2 815 new cases were reported. The number of outstanding cases at the end of 2007/08 was reduced by 733, from 7 521 to 6 788. 668 crime prevention operations were conducted throughout the country. A safeguarding board and the nodal point on anti-criminality were established. Service and division nodal points were subsequently established to provide monthly crime management information and reports to the safeguarding board.

In the first half of 2008/09, portfolio management software was implemented during the rollout of the defence enterprise information systems master plan. The department's wide area network capacity was increased by more than 200 per cent. The number of military police members deployed externally increased to 127. 629 deliberate crime prevention operations were conducted throughout the country. 135 military skills development system members from the January 2008 intake are busy with functional training at the military police school and will have been accommodated in the military police division by the end of 2008. Thus far, 1 632 cases have been investigated by the military police and 1 364 new cases reported. By the end of September 2008, the backlog was reduced by 268 cases.

Over the MTEF period, *General Support* spending will focus on: facilities management (primarily repair and maintenance and capital works and property management) and managing and maintaining logistic information systems; maintaining and supporting existing information and communication systems (ordered commitments), renewing the department's information communication systems, and sustaining the division's core capability, including human resources; providing specialist advice to the department on anti-criminality matters and the protection and security of departmental assets, preparing and providing military police members for operations, and providing military police functions to the department; and providing for the personnel from the United Kingdom Department of Defence who provide services to the South African National Defence Force.

## Expenditure estimates

**Table 19.10 General Support**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Joint Logistic Services	378.1	458.9	651.2	1 190.9	1 353.7	1 449.8	1 709.7
Command and Management Information Services	484.5	574.1	641.6	829.0	824.5	929.5	951.6
Military Police	217.8	230.7	248.8	287.8	303.0	315.2	332.3
Technology Development	225.1	184.9	235.7	259.3	258.2	350.1	334.2
Departmental Support	395.5	457.1	489.5	544.4	594.9	623.9	624.0
British Peace Support and Training Team	9.6	5.6	–	7.1	7.6	7.9	8.4
<b>Total</b>	<b>1 710.5</b>	<b>1 911.4</b>	<b>2 266.8</b>	<b>3 118.6</b>	<b>3 341.9</b>	<b>3 676.4</b>	<b>3 960.1</b>
Change to 2008 Budget estimate				(815.2)	(895.4)	(1 010.6)	(835.3)

Table 19.10 General Support (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>944.6</b>	<b>1 129.6</b>	<b>1 338.4</b>	<b>1 875.9</b>	<b>2 059.4</b>	<b>2 377.4</b>	<b>2 548.2</b>
Compensation of employees	285.4	344.7	400.2	444.3	610.7	650.3	738.0
Goods and services	659.1	784.8	919.3	1 431.6	1 448.8	1 727.1	1 810.1
of which:							
Administrative fees	1.5	1.8	2.2	3.3	3.6	3.8	4.0
Assets less than R5 000	4.1	4.9	5.8	8.7	9.8	10.2	10.8
Audit costs: External	19.7	23.4	27.4	41.3	46.3	48.6	51.0
Communication	4.6	5.5	6.5	9.7	10.9	11.3	12.1
Computer services	261.7	311.6	365.0	550.0	593.1	632.0	656.4
Consultants and professional services: Business and advisory services	33.5	40.0	46.8	70.5	78.7	79.0	101.2
Consultants and professional services: Legal costs	3.2	3.8	4.5	6.8	7.6	7.9	8.3
Contractors	287.6	342.5	401.2	635.1	598.9	833.5	858.7
Agency and support / outsourced services	2.4	2.9	3.4	5.1	5.8	6.0	6.4
Entertainment	0.9	1.0	1.2	1.8	2.0	2.1	2.2
Inventory: Food and food supplies	7.2	8.6	10.1	15.2	15.6	16.2	17.2
Inventory: Fuel, oil and gas	6.6	7.8	9.1	29.6	15.4	15.2	18.7
Inventory: Materials and supplies	4.5	5.3	6.2	9.4	10.5	9.4	10.1
Inventory: Military stores	0.4	0.4	0.5	0.8	0.9	0.8	0.9
Inventory: Other consumables	3.7	4.4	5.1	7.7	8.7	7.7	6.5
Inventory: Stationery and printing	1.8	2.2	2.5	3.8	4.3	5.3	5.5
Lease payments	1.9	2.2	2.6	3.9	4.4	4.6	4.9
Owned and leasehold property expenditure	0.3	0.3	0.4	0.6	0.7	0.7	0.8
Travel and subsistence	8.5	10.1	11.9	17.9	20.0	20.5	21.8
Training and development	2.7	3.2	3.7	5.6	6.3	6.6	6.8
Operating expenditure	1.4	1.6	1.9	2.9	3.3	3.6	3.9
Venues and facilities	0.7	0.8	0.9	1.4	1.6	1.5	1.6
Financial transactions in assets and liabilities	0.1	0.1	18.9	–	–	–	–
<b>Transfers and subsidies</b>	<b>636.5</b>	<b>677.6</b>	<b>718.8</b>	<b>864.1</b>	<b>853.1</b>	<b>1 007.7</b>	<b>968.9</b>
Provinces and municipalities	2.1	0.5	0.6	–	–	–	–
Departmental agencies and accounts	267.0	249.2	274.6	404.0	365.1	496.2	433.3
Public corporations and private enterprises	359.5	396.3	415.3	448.1	482.8	505.0	529.1
Non-profit institutions	–	–	2.9	–	–	–	–
Households	7.9	31.6	25.4	12.0	5.3	6.6	6.4
<b>Payments for capital assets</b>	<b>129.4</b>	<b>104.1</b>	<b>209.6</b>	<b>378.6</b>	<b>429.3</b>	<b>291.2</b>	<b>443.1</b>
Buildings and other fixed structures	73.9	49.2	77.1	286.2	346.3	210.1	371.3
Machinery and equipment	55.5	54.9	124.8	92.3	65.6	62.8	52.5
Software and other intangible assets	0.1	0.0	7.7	–	–	–	–
Specialised military assets	–	–	–	–	17.5	18.4	19.3
<b>Total</b>	<b>1 710.5</b>	<b>1 911.4</b>	<b>2 266.8</b>	<b>3 118.6</b>	<b>3 341.9</b>	<b>3 676.4</b>	<b>3 960.1</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>267.0</b>	<b>249.2</b>	<b>274.6</b>	<b>404.0</b>	<b>365.1</b>	<b>496.2</b>	<b>433.3</b>
Special defence account: Operating services	34.4	59.4	33.8	45.1	46.8	38.8	34.5
Special defence account: Intelligence related	0.1	0.1	0.1	0.5	0.5	0.5	0.6
Special defence account: Equipment procurement	232.5	189.6	240.7	358.3	317.8	456.8	398.2
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>359.5</b>	<b>396.3</b>	<b>415.3</b>	<b>448.1</b>	<b>482.8</b>	<b>505.0</b>	<b>529.1</b>
Armaments Corporation of South Africa	359.5	396.3	415.3	448.1	482.8	505.0	529.1
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>7.9</b>	<b>31.6</b>	<b>25.4</b>	<b>12.0</b>	<b>5.3</b>	<b>6.6</b>	<b>6.4</b>
Severance packages	7.9	31.6	25.4	12.0	5.3	6.6	6.4

## Expenditure trends

The *General Support* programme comprises an average 10 per cent of the department's total expenditure. Spending increases from R1.7 billion in 2005/06 to R4 billion in 2011/12, at an average annual rate of 15 per cent.

The *Joint Logistics Services* subprogramme, responsible for the largest portion of expenditure in this programme, is expected to increase at an average annual rate of 12.8 per cent over the MTEF period, mainly due to additional allocations for the repair and maintenance of defence infrastructure and facilities, as well as the upgrading of runways and hardstands at the Air Force Base Waterkloof. These additional allocations also explain the substantial average annual increases in goods and services and payments for capital assets of 18.3 per cent and 22.8 per cent over the seven-year period.

The increase of 9.3 per cent in the *Departmental Support* subprogramme in 2009/10 is due to additional provisions for public private partnership transactional advisors and for chartering aircraft. The projected increase of 35.6 per cent in the *Technology Development* subprogramme in 2010/11 is due to investment in the test and evaluation capability, and electronic and missile technology research and development.

## Programme 8: Force Employment

- *Strategic Direction* formulates and controls strategies, policies and plans for the employment of forces. Funding is based on the cost of operating the joint operations headquarters.
- *Operational Direction* provides operational direction to joint, interdepartmental and multinational task forces and joint tactical headquarters through the operational level headquarters. Funding is distributed according to the number and size of tactical headquarters and the number of joint, interdepartmental and multinational military exercises.
- *Special Operations* provides and employs a special operations capability within the approved special forces mandate for the South African National Defence Force. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of special forces operations, force preparation exercises and training courses.
- *Regional Security* provides for the deployment of forces in support of South Africa's commitment to regional, continental and global security. Funding is distributed according to the number, size and duration of deployments, and systems and equipment operating and maintenance requirements.
- *Support to the People* provides for the internal deployment of forces in support of the South African Police Service and other government departments. Funding is distributed according to the number, size and duration of deployments, and systems and equipment operating and maintenance requirements.
- *Defence Capability Management* provides for the planning and control of joint, interdepartmental and multinational military force preparation exercises. Funding is distributed according to the needs of exercise control equipment for joint, interdepartmental and multinational military exercises and contractual obligations for the development of joint force employment command and control plans, as well as capability development.

## Objectives and measures

- Provide and manage defence capabilities, including an operational capability, to conduct operations and joint and multinational military exercises by:
  - providing and employing special operations capability in line with national requirements
  - conducting an average of 12 external peace missions per year in accordance with requirements to promote peace and security
  - conducting 24 joint, interdepartmental and multinational military force preparation exercises over the next 3 years (excluding Special Force exercises)
  - undertaking missions in support of other government departments, and complying with international obligations.

## Service delivery and spending focus

In 2007/08, the South African National Defence Force successfully employed mission trained forces in terms of South Africa's safety and security policies and international obligations. Approximately 3 000 members, including reserves, were employed in 6 peace support and 6 general military assistance operations in the Democratic Republic of the Congo, Sudan, Burundi, Ethiopia and Eritrea, Uganda, the Central African Republic, Comoros and Mozambique. For the first time, the South African National Defence Force deployed personnel outside Africa, when 5 military observers supported the United Nations Mission in Nepal. The South African National Defence Force continued supporting the Democratic Republic of the Congo armed forces with the integration process, and by the end of March 2008, 164 729 Congolese combatants had completed the identification and registration process. The South African National Defence Force deployed personnel to the Democratic Republic of the Congo to assist with training and post-conflict reconstruction. Central African Republic soldiers also received training in South Africa. Humanitarian assistance was provided to Mozambique during the floods, and technical assistance following their ammunition depot disaster. The Ugandan government was assisted with the disposal of 280 tons of munitions.

Internally, 3 missions in support of other government departments were conducted. 5 094 South African National Defence Force members were deployed to support the Department of Health at 89 installations across the country. In support of the police, the emphasis was on borderline control and rural safeguarding operations. The phased handover from the South African National Defence Force to the South African Police Service of borderline control and rural safeguarding continued, with the international borders with Mozambique and Swaziland handed over, resulting in a reduction of internally deployed South African Defence Force levels. The department adopted a holistic, joint, interdepartmental and multinational force preparation approach. 1 interdepartmental and 9 multinational exercises took place.

In the first half of 2008/09, an average of 2 729 members per day were deployed in 9 peace support operations in Burundi, the Central African Republic, the Democratic Republic of the Congo, Ethiopia and Eritrea, Nepal, Sudan and Uganda. 368 tons of unserviceable and redundant ammunition and ordnance were destroyed in Uganda. On average, 575 members were deployed per day in internal operations in support of the South African Police Service and other government departments. All requests in terms of borderline protection were complied with. South African Air Force fire fighting operations took place in Eastern Cape, Limpopo, North West and Free State. The South African Military Health Service continued with the deployment of 6 operational emergency care practitioners to 2 Mpumalanga provincial hospitals. 9 joint, interdepartmental and multinational exercises took place.

Over the MTEF period, *Force Employment* spending will focus on strategic and operational direction for the force employment programme. This includes planning and control of joint, interdepartmental and multinational exercises, relating to peace support operations and general military assistance and support to other government departments, as well as the provision of a special forces capability.

## Expenditure estimates

**Table 19.11 Force Employment**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Strategic Direction	90.3	101.1	50.8	65.7	68.2	72.9	80.7
Operational Direction	87.3	99.1	160.2	159.2	182.1	192.9	211.9
Special Operations	314.5	321.2	343.5	382.0	404.3	408.9	460.0
Regional Security	–	135.4	29.1	134.5	110.4	187.2	180.9
UN Peace Mission in the DRC	366.3	273.5	325.3	440.7	552.9	544.8	593.9
Protection Support Detachment in Burundi	330.3	202.7	223.3	207.1	–	–	–
Special Advice Team to the FARDC	–	–	–	–	12.9	13.5	–
Military Observers	0.7	1.1	1.6	197.7	–	–	–
African Union/United Nations Mission in Sudan	54.4	195.2	143.3	59.0	292.8	264.8	283.5
Support to the People	355.0	163.4	293.2	147.3	157.7	155.9	145.6
Defence Capability Management	6.6	15.5	10.8	14.8	20.4	21.1	22.0
<b>Total</b>	<b>1 605.4</b>	<b>1 508.0</b>	<b>1 581.2</b>	<b>1 808.0</b>	<b>1 801.8</b>	<b>1 862.0</b>	<b>1 978.5</b>
Change to 2008 Budget estimate				172.9	34.3	10.1	13.5



Table 19.11 Force Employment (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 342.5</b>	<b>1 282.9</b>	<b>1 405.6</b>	<b>1 589.7</b>	<b>1 576.3</b>	<b>1 657.3</b>	<b>1 778.7</b>
Compensation of employees	626.1	632.8	689.1	746.7	733.4	783.3	900.3
Goods and services	655.7	650.1	716.5	843.0	842.9	874.0	878.4
of which:							
Assets less than R5 000	9.6	9.6	10.5	11.1	12.8	11.4	12.0
Communication	9.5	9.5	10.4	11.0	12.7	11.9	11.3
Computer services	2.8	2.8	3.0	3.2	3.7	4.0	3.8
Consultants and professional services: Business and advisory services	9.2	9.1	10.1	10.7	12.1	6.0	7.8
Contractors	250.0	247.9	273.2	288.9	303.8	342.9	317.7
Agency and support / outsourced services	4.2	4.2	4.6	4.9	5.6	5.7	5.8
Inventory: Food and food supplies	29.9	29.6	32.6	34.5	39.7	49.0	42.7
Inventory: Fuel, oil and gas	9.5	9.4	10.3	20.0	12.6	13.2	49.7
Inventory: Materials and supplies	34.9	34.6	38.2	40.4	46.4	46.5	47.0
Inventory: Medical supplies	5.2	5.2	5.7	6.1	7.0	7.0	7.0
Inventory: Military stores	2.0	2.0	2.2	32.0	2.7	2.7	2.7
Inventory: Other consumables	9.4	9.3	10.2	10.8	12.4	13.2	13.3
Inventory: Stationery and printing	3.7	3.7	4.1	4.3	5.0	5.2	5.4
Lease payments	162.8	161.4	177.9	234.8	216.4	214.0	210.3
Owned and leasehold property expenditure	0.9	0.9	1.0	1.1	1.2	1.2	0.6
Travel and subsistence	100.3	99.4	109.6	115.8	133.3	124.6	125.2
Training and development	4.6	4.6	5.1	5.4	6.2	6.4	6.6
Operating expenditure	5.6	5.5	6.1	6.4	7.4	7.3	7.6
Venues and facilities	0.6	0.6	0.7	0.7	0.8	0.8	0.9
Financial transactions in assets and liabilities	60.6	0.0	0.0	—	—	—	—
<b>Transfers and subsidies</b>	<b>154.5</b>	<b>148.9</b>	<b>120.6</b>	<b>163.9</b>	<b>170.6</b>	<b>153.0</b>	<b>156.2</b>
Provinces and municipalities	0.4	0.1	1.3	—	—	—	—
Departmental agencies and accounts	150.3	139.4	111.8	152.1	156.8	139.7	141.9
Households	3.8	9.4	7.5	11.8	13.8	13.3	14.2
<b>Payments for capital assets</b>	<b>108.5</b>	<b>76.2</b>	<b>54.9</b>	<b>54.4</b>	<b>54.8</b>	<b>51.7</b>	<b>43.7</b>
Buildings and other fixed structures	—	—	1.8	0.4	1.1	0.6	0.6
Machinery and equipment	108.4	76.2	53.2	54.0	53.4	50.8	42.7
Software and other intangible assets	0.0	—	—	—	—	—	—
Specialised military assets	—	—	—	—	0.3	0.3	0.3
<b>Total</b>	<b>1 605.4</b>	<b>1 508.0</b>	<b>1 581.2</b>	<b>1 808.0</b>	<b>1 801.8</b>	<b>1 862.0</b>	<b>1 978.5</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>150.3</b>	<b>139.4</b>	<b>111.8</b>	<b>152.1</b>	<b>156.8</b>	<b>139.7</b>	<b>141.9</b>
Special defence account: Intelligence related	4.9	5.8	6.6	6.6	7.7	7.7	7.9
Special defence account: Operating services	29.4	34.7	67.6	81.7	119.9	125.9	133.6
Special Defence Account: Equipment procurement	116.0	98.9	37.5	63.8	29.2	6.0	0.4
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>3.8</b>	<b>9.4</b>	<b>7.5</b>	<b>11.8</b>	<b>13.8</b>	<b>13.3</b>	<b>14.2</b>
Severance packages	3.8	9.4	7.5	11.8	13.8	13.3	14.2

## Expenditure trends

Expenditure in the *Force Employment* programme increases at an average annual rate of 3.5 per cent, rising from R1.6 billion in 2005/06 to an expected R2 billion in 2011/12. The *Regional Security* subprogramme remains the dominant subprogramme, consuming an average 52.4 per cent of the programme budget. It



increases from R751.8 million in 2005/06 to R1.1 billion in 2011/12, mainly due to increased peace support missions in Africa.

The projected average annual increases of 10 per cent in the *Operational Direction* subprogramme and 6.4 per cent in the *Special Operations* subprogramme over the MTEF period are due to staffing operational structures, developing and procuring highly specialised equipment and ammunition, providing for fuel, and implementing an incentive scheme to attract and retain special forces operators.

Spending in the *Support to the People* subprogramme decreased at an average annual rate of 25.4 per cent between 2005/06 and 2008/09, and is expected to decrease by a further average annual rate of 0.4 per cent over the medium term due to the planned reduction in support to the South African Police Service.

The average annual increase of 5 per cent in goods and services over the seven-year period is due to the relatively high cost of fuel and rations.

## Public entities

### Armaments Corporation of South Africa

#### Strategic overview: 2005/06 – 2011/12

The Armaments Corporation of South Africa derives its mandate from the Armscor Act (2003), which states that the objectives of the corporation are to meet the defence matériel requirements of the Department of Defence effectively, efficiently and economically. Other responsibilities include carrying out research related to defence technology, development and analysis, and test and evaluation activities. As the procurement agency for the Department of Defence, the corporation maintains a tender and contracting process, and provides related quality, legal, financial and security management services, as well as arms control compliance administration and related IT capacity.

The Armaments Corporation of South Africa disposes of matériel in accordance with the regulatory framework, and supports and maintains the facilities that are identified as strategic by the Department of Defence. The corporation also undertakes acquisitions for the South African Police Service and other government departments with security mandates, with the approval of the Minister of Defence.

The Armaments Corporation of South Africa's key priorities over the MTEF period are:

- optimally meeting the requirements of the Department of Defence for defence materiel and services
- managing defence industrial participation obligations emanating from acquisitions abroad
- managing the Department of Defence's technology, research, test and evaluation requirements.

#### Selected performance and operations indicators

**Table 19.12 Armaments Corporation of South Africa**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Percentage of allocation used on contracts placed on capital defence matériel acquisition	112%	95%	100%	90%	90%	90%	90%
Percentage of allocation used on contracts placed on strategic defence acquisition	72%	96%	100%	90%	90%	90%	90%
Percentage of allocation used on contracts placed on system support acquisition and procurement	96%	94%	97%	90%	90%	90%	90%

#### Service delivery and spending focus

The strategic defence procurement programme was concluded in December 1999. Significant progress on each of the procurement projects was made in 2007/08.

## Expenditure estimates

**Table 19.13 Armaments Corporation of South Africa: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial position</b>							
Carrying value of assets	194.7	198.1	203.5	211.0	217.9	220.6	225.0
<i>of which: Acquisition of assets</i>	14.8	20.7	28.0	27.8	29.8	27.0	27.3
Inventory	3.0	2.4	6.8	7.0	7.3	7.8	8.3
Receivables and prepayments	147.8	174.8	183.6	158.6	136.6	139.6	144.6
Cash and cash equivalents	268.5	288.0	312.5	299.5	258.4	199.4	132.8
<b>Total assets</b>	<b>613.9</b>	<b>663.2</b>	<b>706.4</b>	<b>676.1</b>	<b>620.2</b>	<b>567.5</b>	<b>510.7</b>
Accumulated surplus/deficit	412.7	470.6	514.6	511.3	446.9	386.2	320.9
Trade and other payables	180.4	170.3	92.1	95.1	100.1	105.1	110.1
Provisions	20.8	22.2	99.7	69.7	73.2	76.2	79.7
<b>Total equity and liabilities</b>	<b>613.9</b>	<b>663.2</b>	<b>706.4</b>	<b>676.1</b>	<b>620.2</b>	<b>567.5</b>	<b>510.7</b>

## Expenditure trends

The Armaments Corporation of South Africa's operating funds are largely funded by a transfer payment from the Department of Defence. Together with interest earned on the payment, these funds are used to finance operating expenditure. The fixed capital requirements of subsidiaries are financed from own income generated and additional funding from the department, if required. All reserves are considered to be non-distributable. The full share capital and reserves are required for the total net capital requirements of the group. Cash is therefore retained to meet future commitments and is therefore not available for the distribution of dividends.

## Additional tables

**Table 19.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	2 143.3	2 046.2	2 153.9	2 482.7	32.3	2 515.0	2 515.0
2. Landward Defence	6 221.3	6 435.8	7 128.0	7 588.6	270.4	7 859.0	7 839.0
3. Air Defence	7 964.9	8 000.9	7 314.8	9 026.6	(985.2)	8 041.4	8 041.4
4. Maritime Defence	2 336.5	2 352.0	2 396.7	1 825.4	65.0	1 890.4	1 890.4
5. Military Health Support	1 832.8	1 845.8	1 877.7	2 119.1	29.0	2 148.2	2 128.2
6. Defence Intelligence	458.3	402.2	461.1	515.4	3.0	518.4	518.4
7. General Support	3 382.1	3 573.5	2 266.8	3 015.4	103.2	3 118.6	3 018.6
8. Force Employment	1 582.9	1 635.4	1 581.2	1 659.9	148.1	1 808.0	1 798.0
<b>Total</b>	<b>25 922.3</b>	<b>26 291.8</b>	<b>25 180.1</b>	<b>28 233.2</b>	<b>(334.1)</b>	<b>27 899.0</b>	<b>27 749.0</b>

  

Economic classification							
<b>Current payments</b>	<b>15 930.3</b>	<b>16 102.9</b>	<b>15 755.5</b>	<b>18 050.9</b>	<b>444.4</b>	<b>18 495.3</b>	<b>18 375.3</b>
Compensation of employees	9 474.2	9 726.7	9 735.9	10 687.3	220.8	10 908.1	10 908.1
Goods and services	6 456.1	6 376.2	5 987.4	7 363.6	223.6	7 587.2	7 467.2
Financial transactions in assets and liabilities	–	–	32.2	–	–	–	–
<b>Transfers and subsidies</b>	<b>9 607.2</b>	<b>9 654.0</b>	<b>8 926.9</b>	<b>9 760.6</b>	<b>(972.7)</b>	<b>8 787.8</b>	<b>8 787.8</b>
Provinces and municipalities	–	–	36.7	–	–	–	–
Departmental agencies and accounts	9 019.9	9 087.7	8 243.4	9 105.0	(1 008.4)	8 096.6	8 096.6
Public corporations and private enterprises	488.3	467.4	473.8	530.6	35.1	565.8	565.8
Non-profit institutions	3.4	3.4	2.9	4.0	0.5	4.5	4.5
Households	95.5	95.5	170.0	121.0	–	121.0	121.0
<b>Payments for capital assets</b>	<b>384.8</b>	<b>534.9</b>	<b>497.7</b>	<b>421.7</b>	<b>194.2</b>	<b>615.9</b>	<b>585.9</b>
Buildings and other fixed structures	78.1	218.1	93.4	112.1	174.6	286.7	286.7
Machinery and equipment	305.8	308.7	395.9	308.1	19.6	327.7	297.7
Cultivated assets	–	–	–	0.1	–	0.1	0.1
Software and intangible assets	0.9	8.1	8.4	1.4	–	1.4	1.4
<b>Total</b>	<b>25 922.3</b>	<b>26 291.8</b>	<b>25 180.1</b>	<b>28 233.2</b>	<b>(334.1)</b>	<b>27 899.0</b>	<b>27 749.0</b>

**Table 19.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	8 068.7	8 868.0	9 531.6	10 733.1	11 518.6	12 098.6	12 890.7
Unit cost (R million)	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Personnel numbers (head count)	71 705	79 925	78 243	74 494	77 291	77 516	75 750
<b>Part time and temporary contract employees</b>							
Compensation (R million)	127.6	169.6	204.3	175.1	233.2	210.8	255.2
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>8 196.4</b>	<b>9 037.6</b>	<b>9 735.9</b>	<b>10 908.1</b>	<b>11 751.9</b>	<b>12 309.4</b>	<b>13 145.9</b>
<b>Unit cost (R million)</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Personnel numbers (head count)</b>	<b>71 705</b>	<b>79 925</b>	<b>78 243</b>	<b>74 494</b>	<b>77 291</b>	<b>77 516</b>	<b>75 750</b>

**Table 19.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	8 196.4	9 037.6	9 735.9	10 908.1	11 751.9	12 309.4	13 145.9
Training expenditure (R million)	71.1	85.6	87.4	117.7	113.6	122.7	127.9
Training as percentage of compensation	0.9%	0.9%	0.9%	1.1%	1.0%	1.0%	1.0%

Table 19.D Summary of donor funding

Table 10.5: Summary of donor funding												
Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
Foreign												
In cash												
The Netherlands	Improvement of the Democratic Republic of the Congo integration centres	Force Employment	–	Goods and services	Construction of integration centres	31 250	–	–	–	–	–	–
African Renaissance Fund	Support of the electoral process in the Democratic Republic of the Congo	Force Employment	–	Goods and services	Provision of election support	7 500	–	–	–	–	–	–
United Kingdom	Support to Burundi: Operation Curriculum	Force Employment	–	Goods and services	Aircraft chartering expenditure	–	–	21 000	100 000	–	–	–
In kind												
United Kingdom	Destruction of small arms, primarily in external peace support operations	Force Employment	–	Goods and services	Support to destroy small arms	314	–	–	–	–	–	–
United States of America	Aircrew simulator training and C130 aircraft spares	Air Defence	–	Goods and services	59 members received training	5 800	2 857	1 000	–	–	–	–
United States of America	BK117 helicopter engines	Air Defence	–	Goods and services	Helicopter engines procured	5 400	–	–	–	–	–	–
United States of America	AIDS awareness promotion	Military Health Support	–	Goods and services	Provision of antiretroviral drugs and laboratory services	9 696	587	–	–	–	–	–
President's Emergency Plan for AIDS Relief, United States of America	AIDS awareness promotion	Military Health Support	–	Goods and services	Education outreach on HIV and AIDS	5 945	2 805	136 717	–	–	–	–
National Institute of Health, United States of America	AIDS awareness promotion	Military Health Support	–	Goods and services	Phase I: 6 049 patients treated Phase II: 1 700 patients treated	19 674	–	61 710	–	–	–	–
Department for International Development, United Kingdom	AIDS awareness promotion	Military Health Support	–	Goods and services	Capacity building for health care professionals in antiretroviral treatment	600	96	–	–	–	–	–
Germany	Technical training assistance for the service corps	Administration	–	Goods and services	Building of a fixed accommodation structure for learners at the Centre for Advanced Training	1 685	–	–	–	–	–	–
Henry Jackson Foundation, United States of America	Establish clinical research capability	Military Health Support	–	Goods and services	6 clinics established Phase I: 5 162 patients treated Phase II: 1 461 patients treated	–	37 233	–	–	–	–	–

Table 19.D Summary of donor funding (continued)

Table 10.2 Summary of donor training (continues)												
Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand												
In kind												
Germany	Evaluation and assistance with training and onboard procedures on the new frigates	Maritime Defence	–	Goods and services	Operational sea training and evaluation for strategic defence packages	–	180	–	–	–	–	–
United Kingdom	Evaluation and assistance with training and onboard procedures on the new frigates	Maritime Defence	–	Goods and services	86 members trained	–	92	–	–	–	–	–
African Contingency Operations Training Assistance, United States of America	Donation of a mobile peacekeeping training simulation capability	Force Employment	–	Goods and services	Provided pre-mission training to personnel deployed in peacekeeping missions	–	2 100	–	–	–	–	–
United States of America	Expenses incurred by Africa and European countries participating in the multinational exercise held in South Africa	Force Employment	–	Goods and services	The exercise was conducted successfully and the United States of America paid all accounts as contracted	–	605	–	–	–	–	–
France	Command and control training course	Force Employment	–	Goods and services	1 member attended a course	–	–	138	–	–	–	–
Sweden	Peace operations training course	Force Employment	–	Goods and services	1 member attended a course	–	–	39	–	–	–	–
United States of America	Leadership training	Administration	–	Goods and services	2 members attended a course	–	–	73	–	–	–	–
United States of America	Aviation safety training	Air Defence	–	Goods and services	1 member attended a course	–	–	144	–	–	–	–
United States of America	Senior non-commissioned officer development training	Administration	–	Goods and services	1 member attended a course	–	–	112	–	–	–	–
Department for International Development, United Kingdom	Capacity building: Antiretroviral training	Military Health Support	–	Goods and services	50 members attended courses	–	–	938	–	–	–	–
Total			–			87 944	46 555	221 871	100 000	–	–	–

Table 19.E Summary of expenditure on infrastructure

Table 10.2: Summary of expenditure on infrastructure											
	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million											
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)											
Repair and maintenance of infrastructure	Military bases and hospitals	Defence of the country	Construction	673.7	–	–	–	70.0	207.7	249.7	64.2
Repair and maintenance of infrastructure	Military bases	Defence of the country	Planning	439.9	–	–	–	–	218.9	214.4	89.4
Repair and maintenance of infrastructure	Military bases	Defence of the country	Identification	1 088.5	–	–	–	–	–	172.4	515.9
Repair and maintenance of infrastructure	Runway	Defence of the country	Construction	1 126.0	117.7	50.0	330.0	486.3	412.0	328.0	–
Small projects or programmes (costing less than R50 million per annum)											
Construction/Upgrading of Medical Health Facilities	Hospitals and sickbays	Functional medical facilities	Construction	246.0	–	–	–	–	34.0	23.9	30.4
Construction/Upgrading of Office Accommodation	Office buildings	Administrative support to members of the Department of Defence	Construction	9.6	73.9	47.8	76.6	81.8	1.2	3.9	3.9
Upgrading of Kitchens	Kitchens	Food preparation	Construction	11.5	–	–	–	–	1.1	–	–
Construction of Boat Facilities	Workshop and storage facility	Efficient operations	Construction	106.5	–	–	–	–	27.3	42.7	21.3
Installation of Burglar Bars and Security Gates	Security	Safety and security	Construction	3.5	–	–	–	–	0.6	0.8	0.3
Construction of Ammunition Storage Facility	Store	Storage of ordnance	Planning	16.5	–	–	–	–	8.3	3.6	1.0
Construction of Training Facilities	Training	Efficient operations	Construction	72.3	–	–	–	–	12.4	4.3	5.5
Construction of Living Accommodation	Living	Administrative support to members of the Department of Defence	Identification	62.0	–	–	–	–	0.7	10.8	32.1
Construction of Roads, Security Fences and Water Supply	Roads and water supply	Administrative support to members of the Department of Defence	Construction	52.4	–	–	–	–	0.2	–	–
Total				3 908.2	191.5	97.8	406.6	638.1	924.4	1 054.5	764.0





# Vote 20

## Independent Complaints Directorate

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	43.8	43.6	0.1	0.1	48.9	53.9
Complaints Processing, Monitoring and Investigation	55.1	53.7	–	1.5	60.6	66.2
Information Management and Research	15.9	15.3	–	0.6	17.6	19.5
<b>Total expenditure estimates</b>	<b>114.9</b>	<b>112.6</b>	<b>0.1</b>	<b>2.2</b>	<b>127.1</b>	<b>139.5</b>
Executive authority	Minister of Safety and Security					
Accounting officer	Executive Director of the Independent Complaints Directorate					
Website address	www.icd.gov.za					

### Aim

*The aim of the Independent Complaints Directorate is to provide an accessible complaints processing mechanism and efficient and effective investigation of complaints of deaths, misconduct and criminality allegedly committed by members of the South African Police Service and Municipal Police Services, and make appropriate recommendations.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Overall management of the Independent Complaints Directorate and support services.

#### Programme 2: Complaints Processing, Monitoring and Investigation

**Purpose:** Receive, register and process complaints. Investigate deaths in police custody and as a result of police action. Investigate and/or monitor complaints of police criminality and misconduct. Monitor the implementation of the Domestic Violence Act (1998).

#### Programme 3: Information Management and Research

**Purpose:** Manage all information needs and knowledge. Conduct proactive research and various proactive oversight activities. Manage all communication and the marketing of activities and products to stakeholders.

### Strategic overview: 2005/06 – 2011/12

The Independent Complaints Directorate investigates any misconduct or offence allegedly committed by any member of the South African Police Service or the Municipal Police Services, any death in police custody or as a result of police action, and any matter referred to the directorate by the minister or member of the executive council. The Independent Complaints Directorate will oversee the newly established South African Police Service directorate for priority crime investigation once the National Prosecuting Authority's directorate of

special operations has been disbanded, in line with the South African Police Service Amendment Bill (2008). Key strategic objectives for the directorate include streamlining key programmes, finalising old cases and increasing communities' access to its services.

### Streamlining key programmes

Restructuring the *Complaints Processing, Monitoring and Investigation* and the *Information Management and Research* programmes is a priority. The restructuring exercise aims to involve monitors and case workers in active investigations through skills transfer, and to streamline the complaint handling process. Currently complaints are received, captured on the database, and then a decision is made whether to investigate. The restructuring will allow the investigator to receive the complaint directly and decide what further action to take.

Over the medium term, the restructuring will increase investigative capacity, and ensure that the entire complaints process is managed within one programme, from the receipt of a complaint to the completion of the investigation. This will result in a stronger focus on investigating complaints of non-compliance with the provisions of the Domestic Violence Act (1998). The *Information Management and Research* programme will focus on increasing the number of visits by analysts to police holding cells.

The Independent Complaints Directorate received additional funding in 2008/09 to establish an asset management unit, which has three staff members.

### Completing old cases

Since its inception, the Independent Complaints Directorate has focused on finalising new investigations in the shortest possible time. However, this impacted negatively on the workflow as scheduled actions on older cases were set aside as urgent new cases would receive immediate attention. Since 2007/08, a concerted effort has been made to finalise all the older cases, which require more attention and take longer to resolve as witnesses may have relocated or are unable to recall the details of an incident satisfactorily. From 2008, new and old cases have been managed at the same time.

When investigators visit a specific area, they are required to take all relevant case dockets to collect any outstanding information. While this approach ensures that old and new cases receive equal attention, it ultimately limits the number of cases finalised every year. To counter this, the directorate now prioritises complaints that require active investigation, rather than complaints subject to investigation.

### Increasing communities' access

As part of the initiative to broaden communities' access to the Independent Complaints Directorate's services, 6 of the 22 identified satellite offices were established in 2007 and 2008. These are in Empangeni (KwaZulu-Natal), Mthatha (Eastern Cape); Rustenburg (North West), Thohoyandou (Limpopo), Bethlehem (Free State), and Upington (Northern Cape).

## Selected performance and operations indicators

**Table 20.1 Independent Complaints Directorate**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Percentage of investigations of deaths in custody and as a result of police action finalised	Complaints Processing, Monitoring and Investigation	70% (222)	60% (251)	60% (259)	60% (466)	60% (470)	65% (470)	65% (470)
Percentage of investigations of complaints of criminality finalised	Complaints Processing, Monitoring and Investigation	52% (854)	70% (894)	50% (912)	50% (1 000)	50% (1 050)	55% (1 100)	55% (1 150)
Number of additional police stations audited for compliance with the Domestic Violence Act (1998)	Complaints Processing, Monitoring and Investigation	16	20	24	54	81	108	135
Percentage of applications for exemptions in terms of the Domestic Violence Act (1998) completed within 30 days	Complaints Processing, Monitoring and Investigation	100% (34)	100% (36)	100% (42)	100% (45)	100% (47)	100% (50)	100% (53)

Table 20.1 Independent Complaints Directorate (continued)

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Percentage of complaints registered and allocated within 48 hours	Information Management and Research	100% (5 277)	100% (5 412)	100% 5 440	100% (5 800)	100% (6 024)	100% (6 100)	100% (6 180)
Number of new research projects and recommendation reports compiled	Information Management and Research	2	3	3	3	3	3	3
Number of new community awareness programmes launched	Information Management and Research	108	108	216	230	240	250	260

## Expenditure estimates

Table 20.2 Independent Complaints Directorate

Programme				Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
Audited outcome								
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	21.7	22.7	27.4	35.6	35.6	43.8	48.9	53.9
2. Complaints Processing, Monitoring and Investigation	26.1	35.1	44.0	50.0	50.0	55.1	60.6	66.2
3. Information Management and Research	6.7	7.4	9.4	12.9	12.9	15.9	17.6	19.5
<b>Total</b>	<b>54.5</b>	<b>65.3</b>	<b>80.9</b>	<b>98.5</b>	<b>98.5</b>	<b>114.9</b>	<b>127.1</b>	<b>139.5</b>
Change to 2008 Budget estimate				–	–	(0.5)	4.4	9.5

### Economic classification

<b>Current payments</b>	<b>50.8</b>	<b>61.3</b>	<b>74.1</b>	<b>96.2</b>	<b>96.2</b>	<b>112.6</b>	<b>124.7</b>	<b>137.0</b>
Compensation of employees	30.2	36.8	45.7	54.8	54.8	65.2	70.1	73.8
Goods and services	20.5	24.5	28.4	41.5	41.5	47.4	54.6	63.2
of which:								
Administrative fees	5.3	5.1	6.2	6.9	6.9	7.4	8.1	8.8
Advertising	0.7	0.4	1.3	0.8	0.8	0.8	0.9	1.0
Assets less than R5 000	0.4	0.4	1.1	0.4	0.4	0.4	0.5	0.6
Audit costs: External	0.8	0.7	0.7	1.6	1.6	1.7	1.9	2.0
Communication	1.5	1.5	1.9	2.5	2.5	2.7	4.0	5.2
Computer services	1.5	1.9	1.7	4.1	4.1	5.1	6.8	8.3
Consultants and professional services:	1.5	1.1	1.2	0.1	0.1	0.1	0.1	0.1
Business and advisory services								
Inventory: Other consumables	0.1	0.2	0.3	0.3	0.3	0.3	0.4	0.5
Inventory: Stationery and printing	0.4	1.0	2.0	1.1	1.1	1.1	1.2	1.4
Lease payments	0.4	0.4	0.7	1.3	1.3	1.3	1.5	2.0
Owned and leasehold property expenditure	0.4	0.5	0.5	1.9	1.9	2.0	2.7	3.7
Travel and subsistence	5.9	8.9	9.2	18.2	18.2	22.2	23.7	26.4
Training and development	0.6	0.5	0.6	0.4	0.4	0.4	0.7	0.8
Operating expenditure	0.3	0.6	0.3	0.8	0.8	0.8	1.0	1.1
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–	–
Departmental agencies and accounts	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
<b>Payments for capital assets</b>	<b>3.6</b>	<b>3.9</b>	<b>6.7</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.3</b>	<b>2.4</b>
Buildings and other fixed structures	0.6	–	–	–	–	–	–	–
Machinery and equipment	2.6	3.1	3.8	2.3	2.3	2.2	2.3	2.4
Software and other intangible assets	0.4	0.8	3.0	(0.1)	(0.1)	–	–	–
<b>Total</b>	<b>54.5</b>	<b>65.3</b>	<b>80.9</b>	<b>98.5</b>	<b>98.5</b>	<b>114.9</b>	<b>127.1</b>	<b>139.5</b>

## Expenditure trends

Expenditure grows steadily over the period under review, increasing from R54.5 million in 2005/06 to R139.5 million in 2011/12, an average annual increase of 17 per cent. The largest programme in 2009/10 is *Complaints Processing, Monitoring and Investigation*, consuming 48 per cent of the Independent Complaints Directorate's budget. The *Administration* programme consumes 38.1 per cent and the *Information Management*

and *Research* programme, 13.9 per cent. Over the medium term, the *Administration* programme will dominate the department's budget, as 38.6 per cent of the budget is expected to be allocated to this programme in 2011/12.

Compensation of employees comprises an average of 55.1 per cent of the Independent Complaints Directorate's total budget over the medium term, rising from R54.8 million in 2008/09 to R73.8 million in 2011/12, an average annual rate of 10.5 per cent. This is mainly due to increases in investigators' salary levels determined by the outcomes of the job evaluation as from April 2008, increased investigative capacity, and the appointment of staff for the newly established asset management unit at head office. Over the medium term, goods and services consume an average of 42.9 per cent per year of the Independent Complaints Directorate's total budget, rising from R41.5 million in 2008/09 to R63.2 million in 2011/12, an average annual increase of 15.1 per cent.

The 2009 Budget sets out additional allocations of R2.6 million in 2009/10, R8.1 million in 2010/11 and R13.4 million in 2011/12, mainly for spending on the policy priorities of service delivery improvement and capacity building. The increased allocation will also cater for the appointment of five additional asset management unit staff at the national office and in two provincial offices in KwaZulu-Natal and Western Cape.

In aggregate, savings amounting to R2.8 million in 2009/10, R3 million in 2010/11 and R3.3 million in 2011/12 have been identified under goods and services expenditure. The reduction in subsistence and travel allocations will necessitate increased coordination and planning to mitigate the impact of the decrease on investigative activities.

## Departmental receipts

Revenue generated by the Independent Complaints Directorate is mainly from parking fees, commissions on insurance deductions, and recovered bursary debt. An increase in revenue is anticipated between 2008/09 and 2011/12 due to the projected increase in personnel. The large increase in 2005/06 was mainly due to clearing suspense accounts and the resultant payment of credits into revenue.

**Table 20.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>171</b>	<b>38</b>	<b>377</b>	<b>60</b>	<b>67</b>	<b>72</b>	<b>77</b>	<b>82</b>
Sales of goods and services produced by department	33	32	99	60	61	65	69	73
Interest, dividends and rent on land	1	3	21	–	6	7	8	9
Financial transactions in assets and liabilities	137	3	257	–	–	–	–	–
<b>Total</b>	<b>171</b>	<b>38</b>	<b>377</b>	<b>60</b>	<b>67</b>	<b>72</b>	<b>77</b>	<b>82</b>

## Programme 1: Administration

### Expenditure estimates

**Table 20.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Management	4.1	4.5	5.3	5.8	7.3	8.4	9.3
Corporate Services	12.4	13.2	15.9	23.1	29.2	32.4	35.9
Property Management	5.3	5.1	6.2	6.7	7.4	8.1	8.6
<b>Total</b>	<b>21.7</b>	<b>22.7</b>	<b>27.4</b>	<b>35.6</b>	<b>43.8</b>	<b>48.9</b>	<b>53.9</b>
Change to 2008 Budget estimate				–	0.8	2.7	4.3

#### Economic classification

<b>Current payments</b>	<b>19.8</b>	<b>21.9</b>	<b>25.4</b>	<b>35.1</b>	<b>43.6</b>	<b>48.7</b>	<b>53.7</b>
Compensation of employees	9.3	11.0	13.1	16.1	22.0	23.5	25.0
Goods and services	10.5	10.9	12.3	19.0	21.6	25.2	28.7
of which:							
Administrative fees	5.3	5.1	6.2	6.6	7.1	7.8	8.4
Audit costs: External	0.6	0.7	0.7	1.6	1.7	1.9	2.0
Communication	0.4	0.4	0.5	0.6	0.6	1.6	1.9
Computer services	0.5	0.6	0.4	1.3	2.1	2.8	2.9
Consultants and professional services:	1.0	0.8	0.7	0.0	0.0	0.0	0.0
Business and advisory services							
Owned and leasehold property expenditure	0.2	0.3	0.2	1.1	1.2	1.2	2.1
Travel and subsistence	1.0	1.8	2.0	6.3	7.3	8.2	9.2
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	0.0	0.0	0.0	0.1	0.1	0.1	0.1
<b>Payments for capital assets</b>	<b>1.9</b>	<b>0.7</b>	<b>1.9</b>	<b>0.5</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Buildings and other fixed structures	0.6	–	–	–	–	–	–
Machinery and equipment	1.3	0.7	1.1	0.6	0.1	0.1	0.1
Software and other intangible assets	0.0	0.0	0.9	(0.1)	–	–	–
<b>Total</b>	<b>21.7</b>	<b>22.7</b>	<b>27.4</b>	<b>35.6</b>	<b>43.8</b>	<b>48.9</b>	<b>53.9</b>

### Expenditure trends

Expenditure in the *Administration* programme is projected to increase at an average annual rate of 14.8 per cent over the medium term, rising from R35.6 million in 2008/09 to R53.9 million in 2011/12, compared to 17.9 per cent between 2005/06 and 2008/09. Spending between 2008/09 and 2009/10 is expected to increase by 22.9 per cent, from R35.6 million to R44 million, to provide for the increased capacity in support services and to cater for the expansion of the asset management unit at the national office. Goods and services expenditure, which is driven by administrative services and travel and subsistence, grows from R19 million in 2008/09 to R28.7 million in 2011/12, at an average annual rate of 14.8 per cent.

## Programme 2: Complaints Processing, Monitoring and Investigation

- *Complaints Processing, Monitoring and Investigation* receives, registers, processes and investigates complaints of deaths in police custody or as a result of police action, and complaints of misconduct and criminality. Funding is distributed according to the number of personnel and cases.
- *Legal Services* provides legal advice to officials regarding the Independent Complaints Directorate mandate. Funding is distributed based on historical patterns and strategic priorities.

## Objectives and measures

- Maintain the integrity of independent oversight by increasing the number of investigations of complaints of criminality finalised from 854 in 2005/06 to 1 150 in 2011/12.
- Ensure that the South African Police Service attends to every complaint of domestic violence by:
  - monitoring compliance with the Domestic Violence Act (1998) and completing applications for exemption from disciplinary action in terms of the act within 30 days
  - increasing the number of police stations audited annually from 16 in 2005/06 to 135 in 2011/12.

## Service delivery and spending focus

The Independent Complaints Directorate registered more than 5 800 complaints of police criminality and misconduct in 2007/08, an increase of more than 8 per cent from 2006/07. Similarly, there was an increase of 13 per cent in the registered number of deaths in police custody and as a result of police action, and the directorate investigated 94 more cases (792 in total) in 2007/08, compared to 698 in 2006/07.

In 2007/08, the Independent Complaints Directorate finalised 60 per cent of investigations of deaths in custody and as a result of police action. The directorate secured 28 criminal convictions in 2007/08 for a variety of offences, and another 32 convictions for disciplinary matters.

Over the MTEF period, the distribution of funds will be based on the following priorities: the investigation of deaths in custody and as a result of police action; alleged police criminality; and the investigation of police misconduct. In addition, funds are allocated for monitoring police compliance with the Domestic Violence Act (1998) based on historical patterns of non-compliance. Finally, funds are made available for visits to police holding cells to address police oversight and ensure successful implementation of the Domestic Violence Act (1998), based on population density.

## Expenditure estimates

**Table 20.5 Complaints Processing, Monitoring and Investigation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Complaints Processing, Monitoring and Investigation	25.2	34.1	43.5	49.1	54.1	59.4	64.9
Legal Services	0.9	1.0	0.6	0.8	1.0	1.2	1.3
<b>Total</b>	<b>26.1</b>	<b>35.1</b>	<b>44.0</b>	<b>50.0</b>	<b>55.1</b>	<b>60.6</b>	<b>66.2</b>
Change to 2008 Budget estimate				–	(1.1)	1.5	4.1
<b>Economic classification</b>							
<b>Current payments</b>	<b>25.2</b>	<b>33.4</b>	<b>39.8</b>	<b>48.4</b>	<b>53.7</b>	<b>59.1</b>	<b>64.6</b>
Compensation of employees	17.0	22.1	28.1	33.8	36.2	39.1	40.6
Goods and services	8.2	11.3	11.7	14.7	17.5	20.0	23.9
<i>of which:</i>							
Assets less than R5 000	0.1	0.2	0.7	0.3	0.3	0.3	0.4
Communication	0.9	1.0	1.2	1.6	1.7	1.9	2.6
Computer services	0.8	1.1	0.9	2.2	2.3	3.0	3.8
Consultants and professional services: Legal costs	0.3	0.6	0.0	0.0	0.0	0.1	0.1
Lease payments	0.2	0.2	0.4	0.9	1.0	1.1	1.5
Owned and leasehold property expenditure	0.2	0.2	0.2	0.5	0.5	1.1	1.2
Travel and subsistence	4.3	6.4	6.6	7.4	10.0	10.4	11.8
Training and development	0.3	0.3	0.3	0.3	0.3	0.5	0.5
Operating expenditure	0.1	0.4	0.2	0.4	0.4	0.5	0.5
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.8</b>	<b>1.7</b>	<b>4.2</b>	<b>1.6</b>	<b>1.5</b>	<b>1.6</b>	<b>1.6</b>
Machinery and equipment	0.7	1.6	2.4	1.6	1.5	1.6	1.6
Software and other intangible assets	0.1	0.1	1.8	–	–	–	–
<b>Total</b>	<b>26.1</b>	<b>35.1</b>	<b>44.0</b>	<b>50.0</b>	<b>55.1</b>	<b>60.6</b>	<b>66.2</b>



## Expenditure trends

Expenditure in the directorate's largest programme, *Complaints Processing, Monitoring and Investigation*, grows at a slower rate over the medium term, rising from R50 million in 2008/09 to R66.2 million in 2011/12, an average annual rate of 9.8 per cent compared to 24.2 per cent between 2005/06 and 2008/09.

The substantial increase between 2005/06 and 2008/09 is attributable to the large increase in personnel numbers. Expenditure on compensation of employees is expected to increase over the medium term at an average annual rate of 6.4 per cent, from R33.8 million in 2008/09 to R40.6 million in 2011/12.

Complementary expenditure on goods and services is expected to grow at an average annual rate of 17.8 per cent over the MTEF period. A large part of this will be in travel and subsistence, as, apart from routine information gathering visits to crime scenes, investigators will also perform police station audits and visit holding cells to ensure compliance with the relevant police prescripts. To further public awareness of its role in the implementation of the Domestic Violence Act (1998) the Independent Complaints Directorate will also visit community centres.

## Programme 3: Information Management and Research

- *Research* conducts proactive research. Research needs, guided by statistical information, determine how funds are distributed.
- *Information Management System* maintains a database which serves as a register for all complaints, manages IT, and manages promoting Independent Complaints Directorate products and services to stakeholders. Funding is distributed according to historical patterns and strategic priorities.

## Objectives and measures

- Proactively curb errant police behaviour by:
  - analysing information in relation to the Domestic Violence Act (1998)
  - each year registering all complaints received within 48 hours
  - conducting research and producing three reports per year over the MTEF period
  - increasing the number of community awareness programmes from 108 in 2005/06 to 260 in 2011/12.

## Service delivery and spending focus

In 2007/08, 58 applications for exemption from disciplinary action were received, of which 44 were granted and 12 declined. 2 of these applications were carried over to 2008/09. 436 station audits were conducted nationally, representing more than 12 audits per quarter per provincial office. Research reports were completed on femicide and suicide, and on non-compliance with the Domestic Violence Act (1998) and compliance with Independent Complaints Directorate recommendations. The directorate publishes the Domestic Violence Act report biannually.

In 2008/09, 103 stations were audited and 369 cell inspections conducted nationally, representing on average more than 10 audits per quarter per provincial office. 43 outreach activities were conducted, during which an average of 4 300 community members were informed about the Independent Complaints Directorate's services, and complaints and concerns noted.

Over the MTEF period, spending under this programme focuses on maintaining the Independent Complaints Directorate's electronic information system and updating the case management system. Funding is also distributed to research activities and campaigns aimed at increasing community awareness.

## Expenditure estimates

**Table 20.6 Information Management and Research**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Research	1.2	1.6	1.7	1.9	1.8	2.0	2.3
Information Management System	5.5	5.9	7.8	11.0	14.2	15.6	17.2
<b>Total</b>	<b>6.7</b>	<b>7.4</b>	<b>9.4</b>	<b>12.9</b>	<b>15.9</b>	<b>17.6</b>	<b>19.5</b>
Change to 2008 Budget estimate				–	(0.2)	0.3	1.0

### Economic classification

<b>Current payments</b>	<b>5.8</b>	<b>6.0</b>	<b>8.8</b>	<b>12.8</b>	<b>15.3</b>	<b>16.9</b>	<b>18.8</b>
Compensation of employees	3.9	3.7	4.4	4.9	7.0	7.6	8.2
Goods and services	1.9	2.3	4.4	7.8	8.3	9.3	10.6
of which:							
Advertising	0.1	0.1	1.0	0.4	0.5	0.5	0.5
Communication	0.1	0.1	0.2	0.3	0.4	0.5	0.6
Computer services	0.2	0.2	0.3	0.6	0.7	1.0	1.5
Inventory: Stationery and printing	0.1	0.6	1.5	0.7	0.7	0.7	0.8
Owned and leasehold property expenditure	0.0	0.1	0.1	0.3	0.3	0.4	0.4
Travel and subsistence	0.5	0.7	0.7	4.5	4.9	5.1	5.4
Financial transactions in assets and liabilities	0.0	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.9</b>	<b>1.5</b>	<b>0.6</b>	<b>0.2</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>
Machinery and equipment	0.6	0.8	0.3	0.2	0.6	0.7	0.7
Software and other intangible assets	0.3	0.7	0.3	–	–	–	–
<b>Total</b>	<b>6.7</b>	<b>7.4</b>	<b>9.4</b>	<b>12.9</b>	<b>15.9</b>	<b>17.6</b>	<b>19.5</b>

## Expenditure trends

Expenditure in the *Information Management and Research* programme grows steadily over the review period, rising from R6.7 million in 2005/06 to R19.5 million in 2011/12, at an average annual rate of 19.5 per cent.

Spending on goods and services is set to increase at an average annual rate of 10.5 per cent over the medium term, mainly to cater for travel expenses for researchers, IT maintenance staff and the increased costs of printing reports. Expenditure on machinery and equipment decreased by 37.2 per cent between 2005/06 and 2008/09, as the investigative capacity of the directorate was prioritised.

Spending over the medium term will assume an upward trend, increasing by 66.7 per cent, to improve the communication network and to allow investigators to link up to the database while in the field.

## Additional tables

**Table 20.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	29.5	29.1	27.4	35.6	–	35.6	35.6
2. Complaints Processing, Monitoring and Investigation	41.7	35.2	44.0	50.0	–	50.0	50.0
3. Information Management and Research	9.7	16.5	9.4	12.9	–	12.9	12.9
<b>Total</b>	<b>80.9</b>	<b>80.9</b>	<b>80.9</b>	<b>98.5</b>	<b>–</b>	<b>98.5</b>	<b>98.5</b>

### Economic classification

<b>Current payments</b>	<b>76.5</b>	<b>76.5</b>	<b>74.1</b>	<b>96.2</b>	<b>(0.0)</b>	<b>96.2</b>	<b>96.2</b>
Compensation of employees	47.8	46.5	45.7	55.0	(0.3)	54.8	54.8
Goods and services	28.8	30.0	28.4	41.2	0.3	41.5	41.5
Financial transactions in assets and liabilities	–	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>–</b>	<b>0.1</b>	<b>0.1</b>
Departmental agencies and accounts	0.0	0.0	0.0	0.1	–	0.1	0.1
<b>Payments for capital assets</b>	<b>4.3</b>	<b>4.3</b>	<b>6.7</b>	<b>2.2</b>	<b>0.0</b>	<b>2.2</b>	<b>2.2</b>
Buildings and other fixed structures	0.2	–	–	–	–	–	–
Machinery and equipment	4.0	4.1	3.8	2.0	0.3	2.3	2.3
Software and intangible assets	0.2	0.2	3.0	0.2	(0.3)	(0.1)	(0.1)
<b>Total</b>	<b>80.9</b>	<b>80.9</b>	<b>80.9</b>	<b>98.5</b>	<b>–</b>	<b>98.5</b>	<b>98.5</b>

**Table 20.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	30.2	36.8	45.6	54.7	65.1	70.0	73.7
Unit cost (R million)	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Personnel numbers (head count)	174	231	248	270	291	325	345
<b>Interns</b>							
Compensation of interns (R million)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	37	40	42	44	46	48	55
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>30.2</b>	<b>36.8</b>	<b>45.7</b>	<b>54.8</b>	<b>65.2</b>	<b>70.1</b>	<b>73.8</b>
<b>Unit cost (R million)</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Personnel numbers (head count)</b>	<b>211</b>	<b>271</b>	<b>290</b>	<b>314</b>	<b>337</b>	<b>373</b>	<b>400</b>

**Table 20.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	30.2	36.8	45.7	54.8	65.2	70.1	73.8
Training expenditure (R million)	0.6	0.5	0.6	0.6	0.7	0.7	0.7
Training as percentage of compensation	2.0%	1.5%	1.3%	1.0%	1.0%	1.0%	1.0%
Total number trained in department (head count)	383	203	91	103			
<i>of which:</i>							
Employees receiving bursaries (head count)	49	53	56	–			
Internships trained (head count)	37	40	42	90			



# Vote 21

## Justice and Constitutional Development

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	1 038.6	1 014.7	9.5	14.4	1 138.1	1 230.3
Court Services	3 911.1	3 330.2	10.8	570.2	4 176.8	4 475.5
State Legal Services	569.9	565.1	0.5	4.3	605.1	645.1
National Prosecuting Authority	2 480.1	2 392.2	11.5	76.4	2 618.3	2 777.7
Auxiliary and Associated Services	1 658.3	347.5	1 302.3	8.5	1 804.6	1 927.7
<b>Total</b>	<b>9 658.0</b>	<b>7 649.7</b>	<b>1 334.5</b>	<b>673.8</b>	<b>10 342.8</b>	<b>11 056.2</b>
<b>Direct charge against the National Revenue Fund</b>						
Judges' salaries	404.8	359.1	45.6	–	440.5	466.9
Magistrates' salaries	1 264.9	1 236.4	28.6	–	1 389.4	1 487.3
<b>Total expenditure estimates</b>	<b>11 327.7</b>	<b>9 245.2</b>	<b>1 408.7</b>	<b>673.8</b>	<b>12 172.7</b>	<b>13 010.4</b>
Executive authority	Minister of Justice and Constitutional Development					
Accounting officer	Director-General of Justice and Constitutional Development					
Website address	www.doj.gov.za					

### Aim

*The aim of the Department of Justice and Constitutional Development is to uphold and protect the Constitution and the rule of law, and render accessible, fair, speedy and cost effective administration of justice in the interests of a safer and more secure South Africa.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Manage the department, develop policies and strategies for the efficient administration of justice, and provide centralised support services.

#### Programme 2: Court Services

**Purpose:** Facilitate the resolution of criminal, civil and family law disputes through providing accessible, efficient and quality administrative support to the courts, and manage court facilities.

#### Programme 3: State Legal Services

**Purpose:** Provide legal and legislative services to government, supervise the administration of deceased and insolvent estates and the Guardian's Fund, prepare and promote legislation, facilitate constitutional development and undertake research in support of this.

#### Programme 4: National Prosecuting Authority

**Purpose:** Provide a coordinated prosecuting service that: ensures that justice is delivered to the victims of crime through general and specialised prosecutions; protects certain witnesses; and removes the profit from crime.

## **Programme 5: Auxiliary and Associated Services**

**Purpose:** Provide a variety of auxiliary services associated with the department's aim, and fund transfer payments to the South African Human Rights Commission, the Public Protector, the Commission on Gender Equality, the Legal Aid Board, the Special Investigating Unit, the Represented Political Parties' Fund and the President's Fund.

### **Strategic overview: 2005/06 – 2011/12**

The Department of Justice and Constitutional Development's key strategic objectives are: capacitating and restructuring the courts, integrating the justice system, catering for the needs of vulnerable groups, and improving the maintenance system to relieve the pressure on the courts. Effectively meeting the objectives will improve the standard of service delivery, broaden access to justice, and improve the efficiency of the criminal justice system.

#### **Improving service delivery**

To improve the standard of service delivery, the department aims to fill critical vacancies, modernise justice services, reduce the backlog of cases and improve overall case flow management. Over the medium term, additional resources will be used for meeting the demands imposed on the criminal justice system by the high crime rate, and more general factors such as skills shortages.

For filling critical vacancies, 62 magistrates from all ranks and 16 judges were appointed in 2007/08, bringing the total number of permanent magistrates and judges to 1 830 and 199, an increase of 17.7 per cent in magistrate posts and 1.8 per cent in judge posts. Over the medium term, the National Prosecuting Authority aims to recruit, develop and retain skilled and experienced prosecutors.

Improved administration processes and logistics and the more efficient use of human resources should lead to noticeably higher levels of service delivery. IT solutions introduced at selected courts countrywide will help to resolve cases more speedily, such as the e-scheduler and audiovisual linkage for postponing certain criminal proceedings.

#### **Broadening access to justice services**

To bring court services closer to marginalised communities in townships and rural areas, the Department of Justice and Constitutional Development is continuing to rationalise courts and redemarcate magisterial districts. This process is likely to be completed in 2009/10. A 2007/08 audit of 366 magisterial districts identified 24 branch courts with limited services (criminal cases only) as priority courts to be expanded to provide all magistrate's court services. The construction of new courts in townships and rural areas is continuing, and mobile courts will service remote communities until permanent facilities are built.

Crimes against women and children continue to be high on the department's agenda. Ongoing priorities are: public communication about services and assistance for victims of crime; services related to maintenance; the Guardian's Fund; sexual and domestic violence; Truth and Reconciliation Commission recommendations; and other issues affecting vulnerable groups.

A Child Justice Bill implementation framework has been developed and is being reviewed by stakeholders. The Association of the Regional Magistrates of South Africa facilitated the training of approximately 250 regional court magistrates on child justice, diversion and non-custodial sanctions in serious cases. (Diversion and non-custodial sanctions are ways of disposing of a criminal case other than through normal court proceedings.) A family law learnership manual was finalised in 2007/08, and staff such as family advocates and counsellors are being trained on domestic violence. The family advocate also extended its services by establishing two satellite offices each in Gauteng, Western Cape, Eastern Cape and KwaZulu-Natal.

#### **Making the criminal justice system more efficient**

A review of the criminal justice system, one of the apex priorities endorsed by Cabinet in 2007/08, is under way. The review seeks to improve the overall functioning of the criminal justice cluster, and is being conducted

by the justice, crime prevention and security cluster, coordinated by the Deputy Minister of Justice and Constitutional Development. A concurrent research review aims to identify the causes of blockages in the criminal justice system and propose solutions.

Progress has been made in establishing a single coordinating and management structure for the criminal justice system at all levels, including an integrated and seamless electronic database of information relevant to the criminal justice cluster.

Programmes for combating crime and strengthening South Africa's constitutional democracy will continue in partnership with the private sector, religious and traditional leaders, and civil society.

Together with legal practitioners and academics, the department finalised the Legal Services Charter in December 2007. The charter aims to transform the legal services sector, promote and empower historically disadvantaged individuals, entrench the independence of the legal profession, ensure access to all aspects of justice, and create an affirming and enabling environment, among others.

## Selected performance and operations indicators

**Table 21.1 Justice and Constitutional Development**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Outstanding court roll at end of each financial year	Court Services	198 990	206 508	232 518	241 819	236 983	232 243	227 598
Number of new cases finalised: with diversion	National Prosecuting Authority	411 417	379 034	388 634	396 303	404 229	412 313	420 559
without diversion		373 995	334 551	296 656	311 488	317 677	324 030	330 551
Conviction rate: high courts	National Prosecuting Authority	87% (1 195)	87.8% (1 016)	85% (987)	86% 73%	86% 74%	87% 74%	87% 74%
regional courts		71% (27 761)	72% (26 618)	73% (25 338)	87% 66%	87% 66%	87% 67%	87% 67%
district courts		87% (291 474)	87.4% (258 172)	87% (227 482)	94% 94%	94% 94%	94% 94%	94% 94%
sexual offences courts		70% (4 465)	65% (3 869)	66% (2 887)				
specialised commercial crime unit		94.6% (1 680)	96.6% (3 869)	94.1% (1 232)				
Asset forfeiture unit: Number of new completed forfeiture cases	National Prosecuting Authority	221	242	223	250	275	300	310
Number of new freezing orders		252	252	226	255	280	310	330
Value of new freezing orders		R344m	R1 295m	R394m	R330m	R360m	R400m	R420m
Success rate		88% (194)	88% (213)	88% (196)	86%	86%	86%	86%
Sexual offences and community affairs unit: Number of Thuthuzela care centres	National Prosecuting Authority	10	10	9	15	20	25	30
Witness protection unit: Number of witnesses harmed or threatened	National Prosecuting Authority	0	0	0	0	0	0	0
Percentage of walk-offs		3% (7)	3%(7)	24%(119)	16%	14%	12%	10%

## Expenditure estimates

**Table 21.2 Justice and Constitutional Development**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	601.7	643.8	1 043.5	967.8	945.2	1 038.6	1 138.1	1 230.3
2. Court Services	1 998.8	2 505.7	2 812.1	3 342.5	3 372.3	3 911.1	4 176.8	4 475.5
3. State Legal Services	293.5	329.6	382.5	503.2	541.8	569.9	605.1	645.1
4. National Prosecuting Authority	1 399.9	1 535.8	1 860.3	2 115.5	2 155.5	2 480.1	2 618.3	2 777.7
5. Auxiliary and Associated Services	859.6	990.4	1 275.4	1 586.6	1 500.7	1 658.3	1 804.6	1 927.7
<b>Subtotal</b>	<b>5 153.5</b>	<b>6 005.2</b>	<b>7 373.8</b>	<b>8 515.5</b>	<b>8 515.5</b>	<b>9 658.0</b>	<b>10 342.8</b>	<b>11 056.2</b>



**Table 21.2 Justice and Constitutional Development (continued)**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Direct charge against the National Revenue Fund</b>	<b>1 040.1</b>	<b>1 099.3</b>	<b>1 184.5</b>	<b>1 389.3</b>	<b>1 433.5</b>	<b>1 669.7</b>	<b>1 829.9</b>	<b>1 954.2</b>
Judges' salaries	252.3	269.3	298.5	370.3	346.6	404.8	440.5	466.9
Magistrates' salaries	787.8	830.0	886.1	1 019.0	1 086.9	1 264.9	1 389.4	1 487.3
<b>Total</b>	<b>6 193.6</b>	<b>7 104.5</b>	<b>8 558.3</b>	<b>9 904.9</b>	<b>9 949.1</b>	<b>11 327.7</b>	<b>12 172.7</b>	<b>13 010.4</b>
Change to 2008 Budget estimate				174.1	218.3	328.0	447.7	561.8

**Economic classification**

<b>Current payments</b>	<b>4 968.6</b>	<b>5 631.9</b>	<b>6 981.3</b>	<b>8 020.6</b>	<b>8 106.0</b>	<b>9 245.2</b>	<b>9 933.7</b>	<b>10 571.8</b>
Compensation of employees	3 266.6	3 695.2	4 338.9	5 194.0	5 272.9	6 150.9	6 586.5	7 033.6
Goods and services	1 657.6	1 934.0	2 638.5	2 826.6	2 832.3	3 094.4	3 347.2	3 538.2
of which:								
Administrative fees	4.2	4.3	4.6	31.6	31.6	118.9	124.9	130.8
Advertising	10.3	29.0	31.9	43.3	43.3	37.0	39.6	41.6
Assets less than R5 000	24.3	52.9	70.0	121.3	121.3	93.3	100.0	104.3
Audit costs: External	15.7	18.9	22.7	23.3	23.3	7.8	8.5	9.1
Bursaries (employees)	6.5	4.1	6.7	5.6	5.6	5.8	6.3	6.6
Catering: Departmental activities	1.6	5.4	8.9	37.1	37.1	19.6	21.0	21.9
Communication	135.0	134.1	155.9	156.9	156.9	184.0	197.1	205.5
Computer services	115.1	197.1	275.7	373.0	373.0	106.3	115.7	120.0
Consultants and professional services:	70.5	52.5	167.5	326.5	332.3	417.6	455.7	483.1
Business and advisory services								
Consultants and professional services:	0.2	–	–	–	–	91.6	96.6	104.6
Infrastructure and planning								
Consultants and professional services:	0.4	0.3	0.3	1.7	1.7	1.1	1.2	1.2
Laboratory service								
Consultants and professional services:	62.0	64.6	76.1	33.4	33.4	54.7	58.5	60.9
Legal costs								
Contractors	88.3	83.4	81.5	35.3	35.3	79.9	85.6	88.6
Agency and support / outsourced services	159.7	145.8	189.3	124.5	124.5	144.5	152.0	158.5
Entertainment	1.5	1.5	1.2	24.3	24.3	7.4	7.8	8.5
Government motor transport (Trading account)	17.8	–	–	–	–	–	–	–
Inventory: Food and food supplies	15.4	14.4	23.4	0.3	0.3	0.2	0.3	0.3
Inventory: Learner and teacher support material	–	–	–	2.8	2.8	2.7	3.0	3.1
Inventory: Materials and supplies	0.2	0.4	1.1	1.0	1.0	1.1	1.2	1.3
Inventory: Other consumables	0.6	0.4	0.7	4.1	4.1	3.2	3.4	3.6
Inventory: Stationery and printing	53.2	107.6	107.2	121.8	121.8	130.7	139.6	146.0
Lease payments	274.5	327.7	405.1	424.4	424.4	481.5	537.8	583.6
Owned and leasehold property expenditure	179.8	239.4	343.1	366.9	366.9	397.8	432.5	460.8
Transport provided: Departmental activities	61.3	5.4	1.3	0.2	0.2	0.1	0.1	0.1
Travel and subsistence	231.3	297.6	410.1	360.0	360.0	449.4	481.3	503.5
Training and development	6.9	12.4	18.3	37.5	37.5	37.4	40.2	42.5
Operating expenditure	112.5	121.8	205.5	138.9	138.9	189.8	204.1	213.3
Venues and facilities	8.8	13.0	30.3	30.6	30.6	30.8	33.0	35.0
Financial transactions in assets and liabilities	44.4	2.7	4.0	0.0	0.8	–	–	–

Table 21.2 Justice and Constitutional Development (continued)

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
<b>Transfers and subsidies</b>	<b>761.0</b>	<b>851.6</b>	<b>1 024.2</b>	<b>1 334.7</b>	<b>1 334.7</b>	<b>1 408.7</b>	<b>1 533.9</b>	<b>1 637.4</b>
Provinces and municipalities	10.4	3.1	–	–	0.0	–	–	–
Departmental agencies and accounts	703.8	795.1	977.1	1 245.5	1 245.5	1 308.3	1 427.3	1 524.7
Foreign governments and international organisations	4.1	4.7	3.6	4.2	4.2	4.5	4.8	5.1
Households	42.6	48.7	43.5	84.9	84.9	95.9	101.9	107.7
<b>Payments for capital assets</b>	<b>464.0</b>	<b>621.0</b>	<b>552.8</b>	<b>549.6</b>	<b>508.4</b>	<b>673.8</b>	<b>705.1</b>	<b>801.2</b>
Buildings and other fixed structures	306.3	328.9	296.2	423.2	423.2	445.8	479.8	518.5
Machinery and equipment	157.3	270.9	251.8	122.0	81.1	215.6	211.9	268.5
Software and other intangible assets	0.5	21.1	4.8	4.4	4.1	12.4	13.4	14.2
<b>Total</b>	<b>6 193.6</b>	<b>7 104.5</b>	<b>8 558.3</b>	<b>9 904.9</b>	<b>9 949.1</b>	<b>11 327.7</b>	<b>12 172.7</b>	<b>13 010.4</b>

## Expenditure trends

The department's budget is expected to increase at an average annual rate of 13.2 per cent over the seven-year period, rising from R6.2 billion in 2005/06 to R13 billion in 2011/12 (including direct charges against the National Revenue Fund). Much of this increase is for improving the capacity at courts and providing services, hence the relatively large increases in the *Court Services* (10.2 per cent), *State Legal Services* (8.6 per cent) and *National Prosecuting Authority* (9.5 per cent) programmes over the MTEF period.

The increase of 25.4 per cent in the *Court Services* programme in 2006/07 was mainly due to additional funding for capacity building and replacing government vehicles. The latter entailed capital expenditure, which explains the increase of 33.8 per cent on payments for capital assets in that year.

The increase of 62.1 per cent in the *Administration* programme in 2007/08 was for the temporary appointment of state advocates in the director-general's office (until the Office of the Chief Litigation Officer has been established). The increase of 21.1 per cent in the *National Prosecuting Authority* programme in 2007/08 was due to additional funding for appointing two prosecutors per court and additional witness protection capacity.

Between 2007/08 and 2008/09, the budget of the *State Legal Services* programme increased by 31.5 per cent due to expanded capacity in the master's office and state litigation services. The budget of the *Auxiliary and Associated Services* programme increased by 24.4 per cent in 2008/09 due to an additional allocation to the Legal Aid Board for improved conditions of service for legally qualified personnel.

Spending in the *Auxiliary and Associated Services* programme increased at an average annual rate of 22.7 per cent between 2005/06 and 2008/09, due to additional allocations for modernising the justice system and the independent bodies. This is also the reason for the increases of 36.4 per cent on goods and services (consultants) and 20.3 per cent on transfers and subsidies in 2007/08.

The 2009 Budget sets out additional allocations of R500.1 million in 2009/10, R638.3 million in 2010/11 and R763.4 million in 2011/12 for: implementing an occupation specific dispensation for legally qualified personnel in the department, the National Prosecuting Authority and the Legal Aid Board; implementing legislation, including the 2008 Child Justice Bill and the Criminal Law Amendment (Sexual Offences and Related Matters) Act (2007); increases in magistrates' salary packages; adjustments for inflation; increased project capacity in the special investigating unit and public protector; and IT infrastructure in the South African Human Rights Commission.

## Savings and reprioritisation

On aggregate, savings of R172.1 million in 2009/10, R190.6 million in 2010/11 and R201.6 million in 2011/12 have been identified in goods and services and transfers to public entities. Approved posts have been costed and funded, and an amount set aside to expand the establishment over the medium term. Reprioritisation in operational expenditure contributed funds towards physical security at courts and reducing criminal case backlogs in the Legal Aid Board.

## Infrastructure spending

Of the R1.9 billion available over the medium term for infrastructure investment, 46.8 per cent (R873 million) will be spent on large infrastructure projects and 53.2 per cent (R1 billion) on small projects. In 2007/08, new court facilities were completed in Motherwell (Eastern Cape), Sekgosese (Limpopo) and Daveyton (Gauteng). Major extensions were completed in Theunissen (Free State) and Ceres (Western Cape), and further extensions of court buildings were completed at Richmond and Stanger (KwaZulu-Natal) magistrate's offices, at Mitchell's Plain (Western Cape) magistrate's office, at Colesberg (Free State) magistrates office, and at the Supreme Court of Appeal in Bloemfontein.

New accommodation construction projects include: Tsakane magistrate's court, the Transvaal provincial division, Augrabies magistrate's office, Ekangala magistrate's office, Kagiso magistrate's office and Galeshewe magistrate's office. Five sites were acquired for the construction of new court facilities (Mamelodi, Hankey, Ngome, Dimbaza and Lothair), and 10 sites were made more accessible for people with disabilities. A further 86 sites are under construction and plans are under way at 366 sites for improving accessibility for people with disabilities. Projects in the department's repair and maintenance programme are also at various stages, with 187 courts on status quo reports, 8 courts in the planning phase (design and tender), 5 courts in the repair phase and 82 courts in the maintenance phase.

## Departmental receipts

Revenue is mainly generated from fines, penalties and forfeits imposed by the courts, as well as money recovered by state attorneys. Receipts from fines, penalties and forfeits are set to increase at an average annual rate of 5.6 per cent over the medium term, as court fines now start to flow through the department's financial system.

**Table 21.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>340 182</b>	<b>319 510</b>	<b>317 016</b>	<b>398 404</b>	<b>393 408</b>	<b>420 268</b>	<b>445 375</b>	<b>469 096</b>
Sales of goods and services produced by department	15 015	10 786	14 979	12 655	12 655	13 541	14 245	14 915
Sales of scrap, waste, arms and other used current goods	13	6	–	–	–	–	–	–
Transfers received	–	–	1 408	–	21	–	–	–
Fines, penalties and forfeits	192 642	262 616	238 025	283 307	283 307	298 889	316 822	333 930
Interest, dividends and rent on land	88 678	13 394	49 244	54 303	49 307	57 291	60 728	63 885
Sales of capital assets	21 899	–	–	–	10	–	–	–
Financial transactions in assets and liabilities	21 935	32 708	13 360	48 139	48 108	50 547	53 580	56 366
<b>Total</b>	<b>340 182</b>	<b>319 510</b>	<b>317 016</b>	<b>398 404</b>	<b>393 408</b>	<b>420 268</b>	<b>445 375</b>	<b>469 096</b>

## Programme 1: Administration

### Expenditure estimates

**Table 21.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.9	1.2	1.7	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.8	0.2	0.3	1.3	1.4	1.5	1.6
Management	54.6	40.6	228.4	77.6	64.5	68.9	73.8
Corporate Services	275.1	301.7	460.2	501.4	522.1	557.2	593.7
Office Accommodation	270.3	300.0	352.9	385.8	448.9	508.6	559.3
<b>Total</b>	<b>601.7</b>	<b>643.8</b>	<b>1 043.5</b>	<b>967.8</b>	<b>1 038.6</b>	<b>1 138.1</b>	<b>1 230.3</b>
Change to 2008 Budget estimate				26.6	(51.3)	(51.8)	(52.8)

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

Table 21.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>587.9</b>	<b>623.8</b>	<b>966.4</b>	<b>946.6</b>	<b>1 014.7</b>	<b>1 114.9</b>	<b>1 202.7</b>
Compensation of employees	142.9	150.8	170.1	273.0	277.1	296.5	315.1
Goods and services	445.1	472.0	793.3	673.6	737.6	818.4	887.6
of which:							
Administrative fees	1.8	1.9	2.0	27.5	3.9	4.2	4.5
Advertising	3.9	6.0	12.2	7.1	9.5	10.1	10.8
Assets less than R5 000	2.4	3.5	4.2	8.4	9.0	9.6	10.1
Audit costs: External	13.4	16.2	19.1	19.0	3.1	3.4	3.7
Bursaries (employees)	5.2	2.6	5.4	3.5	3.6	3.8	4.0
Catering: Departmental activities	1.0	2.0	2.0	2.9	2.4	2.6	2.8
Communication	10.6	10.5	12.3	10.0	9.8	10.4	11.2
Computer services	3.3	10.9	71.0	47.3	44.5	48.8	49.5
Consultants and professional services:	21.1	20.2	61.9	3.0	44.6	48.6	52.4
Business and advisory services							
Consultants and professional services:	0.2	–	–	–	–	–	–
Infrastructure and planning							
Consultants and professional services:	–	–	–	0.0	0.1	0.2	0.2
Laboratory service							
Consultants and professional services:	0.1	0.5	1.3	0.3	1.9	2.0	2.1
Legal costs							
Contractors	0.9	0.9	2.5	2.2	4.1	4.4	4.6
Agency and support / outsourced services	38.5	23.5	16.6	9.2	6.1	6.5	6.7
Entertainment	0.1	0.3	0.2	22.3	0.4	0.5	0.5
Inventory: Food and food supplies	0.1	–	–	0.0	0.0	0.0	0.0
Inventory: Fuel, oil and gas	0.0	–	–	0.0	0.0	0.0	0.0
Inventory: Learner and teacher support material	–	–	–	0.0	–	–	–
Inventory: Materials and supplies	0.2	0.0	–	0.0	0.0	0.0	0.0
Inventory: Medical supplies	–	–	–	–	0.0	0.0	0.0
Inventory: Other consumables	0.0	0.0	–	0.0	0.0	0.0	0.0
Inventory: Stationery and printing	8.2	6.4	29.0	15.6	23.1	24.4	26.4
Lease payments	198.3	216.5	260.2	287.6	326.2	369.4	406.0
Owned and leasehold property expenditure	77.3	89.0	208.2	101.2	126.1	142.9	157.1
Transport provided: Departmental activities	0.0	–	–	–	–	–	–
Travel and subsistence	49.7	45.1	62.9	76.9	85.6	90.7	96.7
Training and development	2.9	4.0	6.0	15.1	17.7	19.0	20.3
Operating expenditure	3.4	6.0	9.2	6.2	7.9	8.4	8.9
Venues and facilities	2.5	5.8	7.0	8.2	8.0	8.4	9.1
Financial transactions in assets and liabilities	–	1.0	3.0	0.0	–	–	–
<b>Transfers and subsidies</b>	<b>4.9</b>	<b>9.6</b>	<b>7.7</b>	<b>8.8</b>	<b>9.5</b>	<b>10.0</b>	<b>10.6</b>
Provinces and municipalities	0.5	0.1	–	–	–	–	–
Departmental agencies and accounts	–	4.0	3.9	4.4	4.6	4.9	5.2
Foreign governments and international organisations	4.1	4.7	3.6	4.2	4.5	4.8	5.1
Households	0.3	0.8	0.3	0.1	0.4	0.3	0.3
<b>Payments for capital assets</b>	<b>8.9</b>	<b>10.4</b>	<b>69.4</b>	<b>12.4</b>	<b>14.4</b>	<b>13.2</b>	<b>17.1</b>
Machinery and equipment	8.8	10.2	68.9	12.4	14.4	13.2	17.1
Software and other intangible assets	0.1	0.2	0.5	–	–	–	–
<b>Total</b>	<b>601.7</b>	<b>643.8</b>	<b>1 043.5</b>	<b>967.8</b>	<b>1 038.6</b>	<b>1 138.1</b>	<b>1 230.3</b>

Table 21.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	–	4.0	3.9	4.4	4.6	4.9	5.2
Contribution to National Skills Fund	–	4.0	3.9	4.4	4.6	4.9	5.2
<b>Foreign governments and international organisations</b>							
<b>Current</b>	3.4	4.1	3.6	4.0	4.5	4.8	5.1
Subscription fees: International Criminal Court	3.4	4.1	3.6	4.0	4.5	4.8	5.1

## Expenditure trends

Between 2005/06 and 2011/12, the *Administration* programme's expenditure is expected to grow at an average annual rate of 12.7 per cent, rising from R601.7 million in 2005/06 to R1.2 billion in 2011/12. Most of this growth is in the *Corporate Services* subprogramme, which increases at an average annual rate of 13.7 per cent over the seven-year period, for human resource development and additional legal interns.

The increase of 62.1 per cent in the programme's spending in 2007/08 was due to the once-off replacement of computer hardware and the appointment of temporary state advocates in the director-general's office. The latter is also the reason for the 462.5 per cent increase in the *Management* subprogramme in 2007/08.

Compensation of employees increased at an average annual rate of 24.1 per cent between 2005/06 and 2008/09 due to higher than normal salary increases and the appointment of interns. Spending on this item is expected to grow more moderately over the medium term, at an average annual rate of 4.9 per cent.

Expenditure on transfers and subsidies increased by 96.3 per cent in 2006/07 due mainly to the introduction of departmental contributions to the National Skills Fund. Payments for capital assets increased by a significant 566.8 per cent in 2007/08 due to the once-off purchase of digital court recording equipment and the rollover of funds from 2006/07 to improve access to courts by people with disabilities.

## Programme 2: Court Services

- *Constitutional Court* funds the activities and operations of this court, which has jurisdiction over constitutional matters only.
- *Supreme Court of Appeal* funds the activities and operations of this court, which adjudicates appeals and questions of law from the high courts.
- *High Courts* funds the activities and operations of the various high court divisions, which have jurisdiction over defined geographical areas in which they are located.
- *Specialised Courts* funds the activities and operations of the labour and labour appeal courts, the land claims court, the special tribunal, and the family courts.
- *Lower Courts* funds the activities and operations of the various regional and district courts. The regional courts adjudicate serious criminal matters. District courts adjudicate civil cases and less serious criminal cases.
- *Family Advocate* funds these offices, which make recommendations to the court where there is litigation and mediation relating to children in family matters.
- *Magistrate's Commission* funds this commission, which makes recommendations on the appointment and tenure of magistrates.
- *Government Motor Transport* funds vehicles for judges and departmental officials.
- *Facilities Management* funds the building and upgrading of court and justice service delivery points.

- *Administration of Courts* funds the management of courts' administration and performance evaluation functions.

Funding for the *Government Motor Transport* subprogramme depends on the number of new appointees expected each year and the planned replacement of existing vehicles. Funding for the *Facilities Management* subprogramme is distributed based on planned capital works, infrastructure upgrades and additions. Funding for the other subprogrammes is distributed based on personnel composition and historical expenditure patterns. Once-off operational requirements are also taken into account.

## Objectives and measures

- Ensure that justice proceedings are prompt by:
  - reducing the case backlog in regional courts by between 25 per cent and 30 per cent per year, from 20 452 cases in 2006/07 to 14 500 in 2009/10, through 37 dedicated case backlog courts
  - reducing the case cycle time for criminal cases involving children by 11 per cent per year, from the current 18 months to 16 months in 2009/10, through implementing the provisions of the Child Justice Bill
  - reducing the number of cases on court rolls by increasing matters dealt with by admission of guilt fines (assaults, theft, crimen injuria) from 30 115 in 2007/08 to 10 000 in 2010/11
  - securing 150 justice service delivery points with integrated security infrastructure through contracted service providers by the end of 2009/10
  - replacing 20 per cent of current branch courts (46 of 230) with full court services by the end of 2010/11 through redesignating the identified branch courts.
- Provide adequate family law service litigation and family mediation by finalising 50 per cent of all cases handled by the family advocate within 6 months in 2009/10.

## Service delivery and spending focus

In 2007/08, the Constitutional Court finalised 65 per cent of cases on the roll (63 out of 97), against a target of 85 per cent. The Supreme Court of Appeal received 597 petitions for leave to appeal in criminal matters, of which 455 were finalised in 2007/08. This represents 76.2 per cent of appeals finalised against a target of 85 per cent.

The average court hours in high courts decreased from 3 hours and 20 minutes in 2006/07 to 3 hours and 16 minutes in 2007/08, although there was an increase in the number of court sessions from 833 to 893. The number of court days also increased, from 8 272 to 8 464. The lower courts maintained an average of 3 hours and 48 minutes in 2007/08, from the average of 3 hours and 59 minutes recorded in 2006/07. District courts averaged 3 hours and 51 minutes and regional courts 3 hours and 39 minutes, a 9 minute and 16 minute decline from the previous year.

From the end of the third quarter in 2006/07 to the end of the third quarter in 2008/09, the backlog courts finalised 7 289 cases (84 per cent of 8 718 received). There were 27 backlog sites in operation in 2007/08, and more are currently being considered to deal with the large number of outstanding cases, particularly in the regional courts. The number of backlog courts has increased in 2008/09 to 37. Since the inception of the national backlog project, 10 614 cases have been finalised, including 2 809 withdrawals and 516 transfers to higher courts.

The Office of the Family Advocate finalised 8 150 queries against a target of 12 000 in 2007/08, a 16.8 per cent increase on the 6 975 matters finalised in 2006/07.

3 new courts and 9 major extensions were completed in 2007/08, against a target of 15. As part of the department's repair and maintenance programme, 82 courts were renovated in 2007/08, against a target of 130.

Over the medium term, spending will focus on modernising courts and their systems and procedures, improving case flow management, promoting the use and development of indigenous languages in courts, monitoring the institutional efficiency of all courts, and broadening access to court services.



## Expenditure estimates

Table 21.5 Court Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Constitutional Court	24.4	27.2	45.0	59.7	68.1	71.7	75.5
Supreme Court of Appeal	11.3	12.0	12.9	15.7	15.0	15.9	16.8
High Courts	197.2	214.7	226.4	204.4	229.5	243.0	256.0
Specialised Courts	18.9	20.9	24.6	22.4	23.5	24.8	26.1
Lower Courts	1 262.7	1 617.7	1 782.2	2 045.9	2 559.3	2 740.4	2 945.4
Family Advocate	34.2	44.8	67.3	79.5	93.2	100.0	106.7
Magistrate's Commission	5.2	4.7	7.6	8.6	8.6	9.0	9.4
Government Motor Transport	9.8	24.3	27.8	31.8	34.4	35.4	37.5
Facilities Management	288.9	323.7	361.1	568.8	593.2	631.5	679.4
Administration of Courts	146.3	215.9	257.2	305.6	286.5	305.1	322.6
<b>Total</b>	<b>1 998.8</b>	<b>2 505.7</b>	<b>2 812.1</b>	<b>3 342.5</b>	<b>3 911.1</b>	<b>4 176.8</b>	<b>4 475.5</b>
Change to 2008 Budget estimate				(29.1)	98.2	173.9	234.0

## Economic classification

	1 622.4	1 925.3	2 432.8	2 854.5	3 330.2	3 567.8	3 779.4
<b>Current payments</b>							
Compensation of employees	979.8	1 161.1	1 489.6	1 610.5	1 978.6	2 127.8	2 288.2
Goods and services	598.2	762.8	943.2	1 244.0	1 351.6	1 440.0	1 491.2
<i>of which:</i>							
Administrative fees	0.7	1.4	1.2	1.8	107.7	112.8	117.8
Advertising	3.7	11.3	8.5	27.1	17.9	19.1	19.7
Assets less than R5 000	11.4	31.3	50.8	96.9	67.9	72.7	75.3
Audit costs: External	0.0	–	0.0	–	0.0	0.0	0.0
Bursaries (employees)	(0.0)	0.0	0.0	–	–	–	–
Catering: Departmental activities	0.7	2.7	5.6	31.6	14.5	15.5	16.0
Communication	73.8	80.2	94.6	96.4	121.2	129.6	133.5
Computer services	1.1	1.2	7.8	51.0	22.3	23.8	24.6
Consultants and professional services: Business and advisory services	1.6	4.7	27.1	176.9	64.8	69.3	71.5
Consultants and professional services: Laboratory service	0.4	0.3	0.3	1.6	0.9	1.0	1.0
Consultants and professional services: Legal costs	22.7	22.8	24.8	17.5	33.6	36.0	37.1
Contractors	83.2	74.1	66.8	22.9	65.2	69.6	71.7
Agency and support / outsourced services	58.3	51.4	72.7	92.0	95.4	101.7	105.6
Entertainment	0.2	0.2	0.3	0.4	0.4	0.5	0.5
Inventory: Food and food supplies	0.0	–	–	0.1	0.0	0.0	0.0
Inventory: Fuel, oil and gas	0.0	0.0	0.1	0.3	0.2	0.2	0.2
Inventory: Learner and teacher support material	–	–	–	0.4	0.1	0.1	0.1
Inventory: Materials and supplies	0.1	0.4	1.1	0.6	0.7	0.8	0.8
Inventory: Medical supplies	0.0	–	–	0.0	0.0	0.0	0.0
Inventory: Military stores	0.0	–	–	–	–	–	–
Inventory: Other consumables	0.5	0.3	0.6	2.4	1.4	1.5	1.5
Inventory: Stationery and printing	39.6	95.1	72.3	87.1	87.5	93.5	96.4
Lease payments	17.9	21.4	23.4	33.5	33.7	36.1	37.1
Owned and leasehold property expenditure	88.8	126.5	95.9	229.7	230.5	244.7	256.1
Transport provided: Departmental activities	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Travel and subsistence	130.3	172.9	236.0	178.9	253.3	270.6	279.1
Training and development	1.9	3.4	6.4	12.9	9.2	9.8	10.2
Operating expenditure	57.7	57.4	133.6	71.6	112.8	120.5	124.2
Venues and facilities	3.6	3.7	13.2	10.4	10.1	10.7	11.1
Financial transactions in assets and liabilities	44.4	1.5	0.0	–	–	–	–



Table 21.5 Court Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>9.8</b>	<b>7.3</b>	<b>10.2</b>	<b>7.2</b>	<b>10.8</b>	<b>11.4</b>	<b>12.1</b>
Provinces and municipalities	3.0	0.8	–	–	–	–	–
Households	6.8	6.5	10.2	7.2	10.8	11.4	12.1
<b>Payments for capital assets</b>	<b>366.7</b>	<b>573.1</b>	<b>369.1</b>	<b>480.8</b>	<b>570.2</b>	<b>597.6</b>	<b>684.0</b>
Buildings and other fixed structures	291.3	328.9	296.1	423.2	445.8	479.8	518.5
Machinery and equipment	75.1	225.5	72.4	57.5	124.3	117.8	165.4
Software and other intangible assets	0.3	18.6	0.5	0.1	0.0	0.1	0.1
<b>Total</b>	<b>1 998.8</b>	<b>2 505.7</b>	<b>2 812.1</b>	<b>3 342.5</b>	<b>3 911.1</b>	<b>4 176.8</b>	<b>4 475.5</b>

## Details of selected transfers and subsidies

<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>6.6</b>	<b>6.4</b>	<b>10.0</b>	<b>7.2</b>	<b>10.8</b>	<b>11.4</b>	<b>12.1</b>
Employee social benefit	6.6	6.4	10.0	7.2	10.8	11.4	12.1

## Expenditure trends

Expenditure grows at an average annual rate of 14.4 per cent between 2005/06 and 2011/12 due to the implementation of a number of projects, including new legislation, physical court security and special projects related to the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup.

The budget of the *Constitutional Court* subprogramme increased by 65.6 per cent in 2006/07 and 32.7 per cent in 2007/08 to cater for the expanded capacity required by the court and the chief justice.

The *Lower Courts* subprogramme, which accounts for an average of 64.7 per cent of this programme's budget over the medium term, is expected to increase from R2 billion in 2008/09 to R2.9 billion in 2011/12 at an average annual rate of 12.9 per cent. The 28.1 per cent increase in this subprogramme in 2006/07 was the result of additional funding for increased capacity in the regions. Over the medium term, the subprogramme's allocations are expected to be used to improve service delivery, integrate the management of cases and people along the justice chain, improve human resource development, and fill all vacancies.

Between 2005/06 and 2008/09, expenditure on the *Family Advocate* subprogramme increased at an average annual rate of 32.4 per cent. More personnel have been appointed because of the department's increased responsibility arising from the implementation of the Children's Act (1997).

Expenditure in the *Facilities Management* subprogramme, which funds the building of new courts and the rehabilitation of existing court infrastructure, increases at an average annual rate of 15.3 per cent between 2005/06 and 2011/12.

Spending on the *Administration of Courts* subprogramme increased at an average annual rate of 27.8 per cent between 2005/06 and 2008/09 due to additional allocations for increased capacity and a project to reduce criminal case backlogs.

Goods and services spending increased at an average annual rate of 27.6 per cent between 2005/06 and 2008/09 because of projects to reduce criminal case backlogs and implement the Children's Bill. Over the medium term, expenditure on this item is expected to increase at an average annual rate of 6.2 per cent to reach R1.5 billion in 2011/12.

Spending on payments for capital assets increased by a significant 56.3 per cent in 2006/07 due to the rollover of funds for completing various projects in the repair and maintenance programme. Expenditure on this item is expected to grow more moderately over the medium term, at an average annual rate of 12.5 per cent.

## Programme 3: State Legal Services

- *State Law Advisors* provides legal advisory services to the executive, all state departments, parastatals and autonomous government bodies.
- *Litigation and Legal Services* provides attorney, conveyancing and notary public services to the executive, all state departments, parastatals and other government bodies through the offices of the state attorney, and provides legal support to the department and the ministry.
- *Legislative Development and Law Reform* prepares and promotes legislation, conducts research, promotes, maintains and develops the Constitution and its values, and assists and protects independent institutions supporting constitutional democracy to ensure their independence, impartiality, dignity and effectiveness. The name of this subprogramme has changed to better describe the services it provides.
- *Master of the High Court* funds this office, which supervises the administration of deceased and insolvent estates, trusts, curatorships and the Guardian's Fund.

Funding for these subprogrammes is distributed based on personnel composition and historical expenditure patterns. Once-off operational requirements are also taken into account.

### Objectives and measures

- Improve the legal system by preparing at least 12 bills and subordinate legislative instruments (regulations and rules) for submission to the Ministry of Justice and Constitutional Development by 2010/11.
- Facilitate constitutional development by submitting at least 11 research publications to the South African Law Reform Commission for consideration and approval in 2010/11.
- Improve legal services provided to government by expanding capacity and reducing government departments' reliance on private sector legal advisory services from 70 per cent in 2007/08 to 30 per cent by the end of 2010/11.
- Improve the administration of deceased estates by:
  - completing registered estates cases worth R125 000 or less within 4 months
  - providing beneficiaries of estates access to assets within 60 days of application.

### Service delivery and spending focus

The 2007/08 target of finalising 90 per cent of all opinions, agreements and draft legislation was met. 98 per cent of instructions were finalised, and the remaining 2 per cent reflects work received in the last month of the year. During the first quarter of 2008/09, 43 per cent of opinions and 97 per cent of international agreements were finalised within 30 days of receiving them.

Government's reliance on private sector assistance for legal services was reduced by 15 per cent in 2007/08 against the target of 5 per cent.

17 draft bills and rules were submitted to the ministry in 2007/08 against a target of 12. Over the same period, the South African Law Reform Commission released 11 research publications against a target of 8. In 2008/09, the department was involved in deliberations and submissions on bills submitted to Parliament on child justice, floor crossing, traditional courts, renaming the high courts, reforming customary law of succession, and the judicial matters, criminal procedure, National Prosecuting Authority and South African Police Service amendment bills.

3 road shows, 2 workshops, an awareness campaign and 2 presentations on constitutional issues such as human rights and equality legislation promoted the Constitution and its values to national and provincial departments. During 2008/09, 2 articles were published in Justice Today on women's rights and xenophobia, 2 programmes on constitutional and human rights were launched in Kliptown, and the Promotion of Equality and Prevention of Unfair Discrimination Act (2000) was translated into 11 languages.

The master of the high court resolved 56.9 per cent of reported estates of less than R125 000 (58 147 of 102 235) within a 4-month period, and 16 038 estates of R125 000 or less by the end of the first quarter of 2008/09. By the end of 2007/08, 5 masters' offices had been automated, against a target of 6.

Funding for this programme will continue providing government with legal services and facilitating constitutional amendments over the medium term. In support of this, research will be conducted and legislation related to the department's functions promoted.

## Expenditure estimates

**Table 21.6 State Legal Services**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
State Law Advisors	17.7	18.6	22.9	33.9	34.6	37.0	39.4
Litigation and Legal Services	129.0	141.6	146.7	189.4	207.3	216.8	229.9
Legislative Development and Law Reform	23.8	25.7	26.4	38.9	40.2	44.0	46.2
Master of the High Court	123.1	143.7	186.6	240.9	287.9	307.2	329.6
<b>Total</b>	<b>293.5</b>	<b>329.6</b>	<b>382.5</b>	<b>503.2</b>	<b>569.9</b>	<b>605.1</b>	<b>645.1</b>
Change to 2008 Budget estimate				–	7.9	15.7	20.4

### Economic classification

<b>Current payments</b>	<b>287.2</b>	<b>323.0</b>	<b>377.5</b>	<b>497.9</b>	<b>565.1</b>	<b>600.0</b>	<b>639.2</b>
Compensation of employees	235.0	260.0	292.5	434.7	474.6	507.8	539.3
Goods and services	52.3	63.0	84.9	63.3	90.5	92.2	99.8
of which:							
Administrative fees	0.4	0.5	0.4	0.8	0.8	0.8	0.9
Advertising	0.9	1.6	1.5	1.1	1.1	1.2	1.3
Assets less than R5 000	1.1	3.6	3.6	5.0	4.8	5.0	5.6
Catering: Departmental activities	–	0.2	0.3	0.4	0.5	0.5	0.5
Communication	7.4	9.0	10.0	9.7	9.5	9.6	10.4
Computer services	0.9	0.0	0.6	2.7	2.6	2.7	3.1
Consultants and professional services: Legal costs	14.2	13.2	14.7	0.2	2.9	2.8	2.9
Contractors	0.7	1.6	4.7	2.0	1.9	2.0	2.1
Agency and support / outsourced services	1.0	2.2	15.3	4.1	27.9	27.2	28.7
Inventory: Stationery and printing	5.4	6.0	5.9	6.1	6.3	6.6	7.2
Lease payments	3.6	3.4	3.0	3.4	3.8	3.9	4.2
Owned and leasehold property expenditure	0.2	0.6	1.4	0.1	0.1	0.1	0.1
Travel and subsistence	9.1	13.3	20.0	19.4	20.4	21.5	23.5
Training and development	0.4	0.4	0.6	1.0	1.0	1.0	1.1
Operating expenditure	6.3	6.3	2.1	5.7	5.4	5.7	6.3
Venues and facilities	0.4	0.9	0.3	1.2	1.3	1.3	1.5
Financial transactions in assets and liabilities	–	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>4.8</b>	<b>3.3</b>	<b>1.2</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
Provinces and municipalities	0.8	0.2	–	–	–	–	–
Households	4.0	3.1	1.2	0.5	0.5	0.5	0.5
<b>Payments for capital assets</b>	<b>1.5</b>	<b>3.3</b>	<b>3.9</b>	<b>4.7</b>	<b>4.3</b>	<b>4.5</b>	<b>5.4</b>
Machinery and equipment	1.5	3.2	3.7	4.7	4.3	4.5	5.4
Software and other intangible assets	0.0	0.0	0.1	–	–	–	–
<b>Total</b>	<b>293.5</b>	<b>329.6</b>	<b>382.5</b>	<b>503.2</b>	<b>569.9</b>	<b>605.1</b>	<b>645.1</b>

### Details of selected transfers and subsidies

<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>4.0</b>	<b>3.1</b>	<b>0.8</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
Employee social benefit	4.0	3.1	0.8	0.5	0.5	0.5	0.5

## Expenditure trends

Expenditure increases at an average annual rate of 14 per cent between 2005/06 and 2011/12. The main increase is in the *Master of the High Court* subprogramme, with expenditure growing at an average annual rate of 25.1 per cent between 2005/06 and 2008/09 due to the appointment of additional personnel.

The increase reflected in compensation of employees, which increased at an average annual rate of 22.8 per cent between 2005/06 and 2008/09, is because of the implementation of the occupation specific dispensation for legally qualified professionals, which had the largest impact in this programme.

Over the medium term, expenditure is expected to increase steadily, rising from R503.2 million in 2008/09 to R645.1 million in 2011/12 at an average annual rate of 8.6 per cent. The increase will go towards improving access to the Guardian's Fund services, facilitating the accessibility of deceased and insolvent estates services, increasing capacity by employing additional personnel in the state attorney's office, and developing the skills of existing personnel.

Expenditure on transfers and subsidies decreased by a significant average annual rate of 52.8 per cent between 2005/06 and 2008/09 because spending on the International Criminal Court shifted to the *Administration* programme in 2007/08.

Payments for capital assets increased by a significant 111.3 per cent in 2006/07 due to the once-off purchase of office equipment, furniture and computers for the master of the high court.

## Programme 4: National Prosecuting Authority

- *Public Prosecutions* provides for general prosecutions and several specialist prosecution units, such as those for priority crimes litigation, sexual offences and community affairs, and specialised commercial crime.
- *Witness Protection Programme* provides for protection, support and related services to vulnerable witnesses and related people in judicial proceedings.
- *Directorate of Special Operations* funds this directorate, which investigates and prosecutes complex and organised crime.
- *Asset Forfeiture Unit* funds this unit, which seizes assets that are the proceeds of crime or have been part of an offence through a criminal or civil process.
- *Support Services* funds corporate support services to the National Prosecuting Authority. This new subprogramme was established to properly account for the corporate services component of the authority.

Funding for these subprogrammes is distributed based on personnel composition and historical expenditure patterns. Once-off operational requirements are also taken into account.

## Objectives and measures

- Improve prosecutorial efficiency by increasing the number of cases finalised by 2 per cent, from 311 488 in 2008/09 to 330 551 in 2011/12.
- Increase the use of alternative ways of delivering justice by increasing the number of cases finalised (including diversion) by 2 per cent per year, from 396 303 in 2008/09 to 420 559 in 2011/12.
- Improve capacity to deal with complex commercial crime by increasing the number of cases finalised by the specialised commercial crime unit by 2 per cent, from 1 257 in 2008/09 to 1 334 in 2011/12.
- Improve justice services for the victims of sexual offences by establishing 5 additional Thuthuzela care centres per year to bring the total number to 30 in 2011/12 from the current 15.
- Protect and support vulnerable and intimidated witnesses by ensuring that no witnesses are harmed or threatened while on the witness protection programme, thus reducing the percentage of witnesses that walk off the programme from 16 per cent in 2008/09 to 10 per cent in 2011/12.
- Contribute to reducing the incentive for crime by removing its proceeds from the control of criminals and by increasing the value of freezing orders (court orders to freeze an individual's assets) from R330 million in 2008/09 to R420 million in 2011/12.

## **Service delivery and spending focus**

The national prosecuting service finalised 1 043 857 cases in 2007/08, including diversions (cases which do not follow normal court proceedings, but which are nevertheless resolved), with an average conviction rate of 85.9 per cent against a target of 80 per cent. 46 470 cases were diverted. In the first half of 2008/09, 1 632 high and lower courts finalised 260 431 cases and achieved the overall conviction rate target of 85 per cent. A further 68 693 cases were finalised through alternative dispute resolution mechanisms, which include diversions, informal mediations and admission of guilt agreements.

On average, 63 regional courts dedicated to sexual offences finalised a total of 4 365 cases in 2007/08, with a 66 per cent conviction rate against the 70 per cent target. In the first half of 2008/09, 3 611 cases were finalised, with a 67 per cent conviction rate against a target of 66 per cent. 5 more Thuthuzela care centres were established in 2008/09, and 1 centre that was temporarily closed in 2007/08 was re-opened in 2008/09, bringing the total to 15.

The specialised commercial crime unit finalised 3 031 cases, with a conviction rate of 94.1 per cent against a target of 90 per cent. In the first half of 2008/09, the unit finalised 1 811 cases, and maintained its high conviction rate of 95.4 per cent against its target of 95 per cent.

The directorate of special operations resolved 178 investigations in 2007/08. 182 prosecutions were finalised, with a conviction rate of 94 per cent against a target of 95 per cent. In the first half of 2008/09, the directorate initiated 39 new investigative assignments, finalised 53 current major investigations, prosecuted 28 cases to conclusion with a conviction rate of 87 per cent (against a target of 85 per cent), arrested 71 suspects, restrained assets worth over R4.2 million, and seized contraband goods to the value of R6.6 million. The directorate also compensated victims to the value of R6.8 million.

In 2007/08, the asset forfeiture unit obtained 223 orders to restrain assets to the value of approximately R395.2 million. 223 cases to the value of R127.3 million were finalised, against a target of 180 cases with a value of R120 million. R45.6 million was paid into the criminal assets recovery account against a target of R25 million. The unit achieved a success rate of 80 per cent against a target of 85 per cent. Up to the end of December 2008, the unit was on or above target on all its key performance indicators. It obtained 193 orders to restrain assets to the value of R247 million. 190 cases to the value of R198 million were finalised. R21 million was paid into the criminal assets recovery account and the unit achieved a success rate of 86.5 per cent.

The office for witness protection had 428 witnesses, including family members, on the programme in 2007/08. No witnesses or family members were harmed or threatened. The definition of a walk-off was amended in 2007/08 to include all people that voluntarily left the programme before testifying, were given notice to leave the programme due to misconduct, or who left the safe house without prior notice. Under the new definition, 24 per cent of witnesses walked off the programme in 2007/08 against a target of zero. In the first half of 2008/09, 16 per cent (27) walked off.

Over the medium term, the National Prosecuting Authority will focus on improving service delivery by increasing its operational efficiency through knowledge sharing, partnerships, recruitment and training to enable speedy justice and the successful resolution of cases. In addition, the authority recognises the need for specialisation to effectively address crimes that affect the vulnerable groups. Crimes against women and children will continue to be a priority.

## Expenditure estimates

Table 21.7 National Prosecuting Authority

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Public Prosecutions	750.1	905.1	1 067.3	1 329.0	1 532.8	1 602.9	1 700.9
Witness Protection Programme	55.3	63.1	79.2	112.5	130.1	139.6	148.0
Directorate of Special Operations	193.6	221.2	272.2	260.8	298.6	313.8	332.9
Asset Forfeiture Unit	49.9	48.8	59.5	55.5	68.5	72.0	76.4
Support Services	351.0	297.6	382.0	357.7	450.1	490.0	519.4
<b>Total</b>	<b>1 399.9</b>	<b>1 535.8</b>	<b>1 860.3</b>	<b>2 115.5</b>	<b>2 480.1</b>	<b>2 618.3</b>	<b>2 777.7</b>
Change to 2008 Budget estimate				(7.2)	56.9	65.6	71.8

## Economic classification

<b>Current payments</b>	<b>1 334.9</b>	<b>1 516.7</b>	<b>1 805.3</b>	<b>2 066.0</b>	<b>2 392.2</b>	<b>2 522.8</b>	<b>2 676.4</b>	
Compensation of employees	900.2	1 060.5	1 230.6	1 555.4	1 824.5	1 902.8	2 019.6	
Goods and services	434.7	456.1	573.7	510.7	567.7	620.0	656.9	
<i>of which:</i>								
Administrative fees	1.3	0.5	0.9	1.5	6.6	7.2	7.6	
Advertising	1.9	10.1	9.7	8.0	8.4	9.2	9.8	
Assets less than R5 000	1.1	13.2	10.7	10.9	11.6	12.7	13.4	
Audit costs: External	2.3	2.7	3.6	4.3	4.5	5.0	5.3	
Bursaries (employees)	1.4	1.6	1.4	2.1	2.2	2.5	2.6	
Catering: Departmental activities	–	0.4	1.0	2.1	2.3	2.5	2.6	
Communication	41.8	32.6	38.7	40.8	43.5	47.5	50.3	
Computer services	41.4	37.0	35.5	34.7	36.9	40.3	42.7	
Consultants and professional services: Business and advisory services	2.5	0.8	0.8	54.5	58.1	63.4	67.2	
Consultants and professional services: Legal costs	24.9	28.0	35.2	15.3	16.3	17.8	18.8	
Contractors	3.5	6.8	3.9	8.2	8.8	9.6	10.1	
Agency and support / outsourced services	57.9	67.6	84.6	14.2	15.1	16.5	17.5	
Entertainment	1.1	1.0	0.6	1.6	1.7	1.9	2.0	
Government motor transport (Trading account)	17.8	–	–	–	–	–	–	
Inventory: Food and food supplies	15.3	14.4	23.4	0.2	0.2	0.2	0.2	
Inventory: Learner and teacher support material	–	–	–	2.4	2.6	2.8	3.0	
Inventory: Other consumables	–	–	–	1.6	1.7	1.8	1.9	
Inventory: Stationery and printing	–	–	–	12.9	13.8	15.1	16.0	
Lease payments	54.7	86.3	118.5	99.9	117.6	128.5	136.1	
Owned and leasehold property expenditure	13.5	23.3	37.6	35.9	41.1	44.9	47.5	
Transport provided: Departmental activities	61.3	5.3	1.3	0.0	0.0	0.0	0.0	
Travel and subsistence	42.0	65.2	90.8	84.5	90.1	98.4	104.2	
Training and development	1.7	4.6	5.2	8.6	9.1	10.0	10.6	
Operating expenditure	45.1	52.1	60.6	55.5	63.8	69.6	73.8	
Venues and facilities	2.3	2.7	9.7	10.7	11.4	12.5	13.2	
Financial transactions in assets and liabilities	0.0	0.1	0.9	–	–	–	–	
<b>Transfers and subsidies</b>	<b>6.1</b>	<b>3.4</b>	<b>3.3</b>	<b>8.9</b>	<b>11.5</b>	<b>12.3</b>	<b>13.0</b>	
Provinces and municipalities	3.0	1.1	–	–	–	–	–	
Departmental agencies and accounts	–	–	–	1.2	1.4	1.5	1.6	
Households	3.1	2.3	3.3	7.7	10.1	10.8	11.5	
<b>Payments for capital assets</b>	<b>58.9</b>	<b>15.7</b>	<b>51.8</b>	<b>40.5</b>	<b>76.4</b>	<b>83.2</b>	<b>88.2</b>	
Buildings and other fixed structures	15.0	–	0.1	–	–	–	–	
Machinery and equipment	43.9	15.7	48.0	36.3	64.0	69.9	74.1	
Software and other intangible assets	–	–	3.7	4.3	12.3	13.3	14.1	
<b>Total</b>	<b>1 399.9</b>	<b>1 535.8</b>	<b>1 860.3</b>	<b>2 115.5</b>	<b>2 480.1</b>	<b>2 618.3</b>	<b>2 777.7</b>	



**Table 21.7 National Prosecuting Authority (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
Households							
Social benefits							
Current	3.1	2.3	3.3	7.7	10.1	10.8	11.5
Employee social benefit	3.1	2.3	3.3	7.7	10.1	10.8	11.5

## Expenditure trends

Expenditure increases at an average annual rate of 12.1 per cent between 2005/06 and 2011/12, rising from R1.4 billion in 2005/06 to R2.8 billion in 2011/12. The overall growth in the baseline provides for appointing at least two prosecutors per court, reducing criminal case backlogs, and the carry through cost of the occupation specific dispensation for legally qualified professionals.

The largest subprogramme, *Public Prosecutions*, accounts for 61.8 per cent on average of the programme's budget over the medium term. It increases from R1.3 billion in 2008/09 to R1.7 billion in 2011/12 at an average annual rate of 8.6 per cent.

Spending on payments for capital assets increased by a significant 229.8 per cent in 2007/08 due to the once-off purchase of computers and other IT equipment. This purchase also explains the substantial increases in 2007/08 on the *Witness Protection Programme* (25.7 per cent), *Directorate of Special Operations* (23 per cent), *Asset Forfeiture Unit* (21.9 per cent) and *Support Services* (28.4 per cent) subprogrammes.

Expenditure on compensation of employees is expected to increase at an average annual rate of 9.1 per cent over the medium term, rising from R1.6 billion in 2008/09 to R2 billion in 2011/12. This expenditure caters mainly for increased capacity.

Transfers and subsidies spending increased by 173.5 per cent in 2008/09 due to the introduction of a new transfer payment to the Safety and Security Sector Education and Training Authority in that year. Spending on this item is expected to increase at an average annual rate of 13.4 per cent over the medium term, rising from R8.9 million in 2008/09 to R13 million in 2011/12.

## Programme 5: Auxiliary and Associated Services

- *Office for the Control of Interception and Monitoring of Communication* funds this office, which authorises applications by law enforcement agencies for intercepting and monitoring communications in terms of the relevant legislation.
- *South African Human Rights Commission* funds this commission, which promotes and monitors the observance of human rights in South Africa.
- *Commission for Gender Equality* funds this commission, which aims to create a society free from gender discrimination and any other form of gender oppression.
- *Special Investigating Unit* funds this unit, which provides professional forensic investigating and litigation services to all state institutions at the national, provincial and local level to combat maladministration, corruption and fraud and to protect state assets and public money.
- *Legal Aid Board* funds this board, which provides legal aid to indigent people and legal representation at the state's expense, as set out in the Constitution.
- *Public Protector* funds this office, which investigates any alleged improper conduct in state affairs, public administration, or any sphere of government, or conduct which results in any impropriety or prejudice.
- *Justice Modernisation* designs and implements IT infrastructure and networks to re-engineer business processes for the administration of civil and criminal justice in the integrated justice system.



- *President's Fund* provides funding to give effect to the reparations policy flowing from the findings of the Truth and Reconciliation Commission.
- *Represented Political Parties' Fund* provides for funding for political parties participating in Parliament and provincial legislatures.

## Service delivery and spending focus

Through this programme, the Department of Justice and Constitutional Development ensures the independence and integrity of the administration of justice, provides vulnerable groups with additional legal services and advice, entrenches constitutional democracy through the promotion and protection of human rights, and ensures that these services are used increasingly due to greater public awareness.

Since 1998/99, R800 million has been appropriated by Parliament to the President's Fund. Payments to beneficiaries began in 2003/04, and by the end of 2007/08, R525 million had been paid to 15 839 beneficiaries.

To date, 529 court sites have been connected to the wide area network, which constitutes 94 per cent of the total sites countrywide. The standardisation of hardware is in progress. A superdome server has been installed and 3 000 desktop computers that were out of warranty and did not meet the required specifications were replaced in 2007/08.

Over the medium term, the justice modernisation programme will be incorporated into the revamp of the criminal justice system programme to ensure the interconnectivity of the IT system between the various justice role players.

## Expenditure estimates

**Table 21.8 Auxiliary and Associated Services**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Office for the Control of Interception and Monitoring of Communication	0.1	0.1	0.1	0.6	0.7	0.7	0.7
South African Human Rights Commission	41.8	49.2	55.3	60.6	68.3	72.0	78.2
Commission for Gender Equality	26.5	37.8	39.7	46.2	48.3	51.0	54.0
Special Investigating Unit	48.9	55.6	103.1	116.3	150.4	160.8	172.2
Legal Aid Board	453.2	501.4	613.0	842.1	835.5	928.3	990.5
Public Protector	59.2	68.3	78.8	86.5	106.9	110.7	119.1
Justice Modernisation	155.0	198.6	302.0	346.1	355.4	383.0	409.0
President's Fund	–	–	–	0.0	0.0	0.0	0.0
Represented Political Parties' Fund	74.9	79.4	83.4	88.2	92.8	98.1	104.0
<b>Total</b>	<b>859.6</b>	<b>990.4</b>	<b>1 275.4</b>	<b>1 586.6</b>	<b>1 658.3</b>	<b>1 804.6</b>	<b>1 927.7</b>
Change to 2008 Budget estimate				183.8	66.4	69.4	88.4

### Economic classification

	127.8	180.7	243.4	335.5	347.5	377.1	403.2
<b>Current payments</b>							
Compensation of employees	0.5	0.6	0.1	0.5	0.5	0.5	0.5
Goods and services	127.3	180.1	243.3	335.1	347.0	376.6	402.7
of which:							
Assets less than R5 000	8.2	1.3	0.7	0.2	0.0	0.0	0.0
Communication	1.4	1.8	0.4	0.1	0.0	0.0	0.0
Computer services	68.4	148.0	160.7	237.3	0.1	0.1	0.1
Consultants and professional services: Business and advisory services	45.1	26.6	77.4	92.0	250.0	274.3	291.8
Consultants and professional services: Infrastructure and planning	–	–	–	–	91.6	96.6	104.6
Contractors	–	–	3.5	–	–	–	–
Agency and support / outsourced services	4.0	1.1	0.1	5.0	–	–	–
Entertainment	0.0	–	–	–	4.7	5.0	5.4

**Table 21.8 Auxiliary and Associated Services (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>703.8</b>	<b>791.1</b>	<b>973.2</b>	<b>1 239.9</b>	<b>1 302.3</b>	<b>1 420.9</b>	<b>1 518.0</b>
Provinces and municipalities	0.0	–	–	–	–	–	–
Departmental agencies and accounts	703.8	791.1	973.2	1 239.9	1 302.3	1 420.9	1 518.0
<b>Payments for capital assets</b>	<b>27.9</b>	<b>18.5</b>	<b>58.7</b>	<b>11.2</b>	<b>8.5</b>	<b>6.5</b>	<b>6.5</b>
Machinery and equipment	27.9	16.2	58.7	11.2	8.5	6.5	6.5
Software and other intangible assets	–	2.3	–	–	–	–	–
<b>Total</b>	<b>859.6</b>	<b>990.4</b>	<b>1 275.4</b>	<b>1 586.6</b>	<b>1 658.3</b>	<b>1 804.6</b>	<b>1 927.7</b>

**Details of selected transfers and subsidies**

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>703.8</b>	<b>791.1</b>	<b>973.2</b>	<b>1 239.9</b>	<b>1 302.3</b>	<b>1 420.9</b>	<b>1 518.0</b>
Commission for Gender Equality	26.5	37.8	39.7	46.2	48.3	51.0	54.0
Legal Aid Board	453.2	501.4	613.0	842.1	835.5	928.3	990.5
Public Protector	58.6	67.8	78.7	86.5	106.9	110.7	119.1
Represented Political Parties Fund	74.9	79.4	83.4	88.2	92.8	98.1	104.0
South African Human Rights Commission	41.8	49.2	55.3	60.6	68.3	72.0	78.2
Special Investigating Unit	48.9	55.6	103.1	116.3	150.4	160.8	172.2

**Expenditure trends**

Spending by this programme is dominated by transfer payments to several departmental agencies. Expenditure increased at an average annual rate of 22.7 per cent between 2005/06 and 2008/09, rising from R859.6 million to R1.6 billion. Over the medium term, the budget grows at an average annual rate of 6.7 per cent, from R1.6 billion in 2008/09 to R1.9 billion in 2011/12.

Increases over the seven-year period are mainly in the *Special Investigating Unit* subprogramme, rising at an average annual rate of 23.4 per cent, to improve capacity and the *Legal Aid Board* subprogramme, rising at an average annual rate of 13.9 per cent, to implement the occupation specific dispensation for legally qualified professionals.

The 15.2 per cent increase in this programme in 2006/07 was due to additional funding for justice modernisation (R88 million) and capacity in the independent bodies (R57.5 million). This also explains the increases of 41.5 per cent and 12.4 per cent on goods and services and transfers and subsidies in that year.

The increase of 24.4 per cent in total programme spending between 2007/08 and 2008/09 was due to funding for implementing improved conditions of service for legally qualified personnel in the Legal Aid Board.

Goods and services spending increased at an average annual rate of 38.1 per cent between 2005/06 and 2008/09 due to ongoing allocations to the integrated justice system programme, which aims to provide speedy business productivity solutions enabled by IT. Over the medium term, growth in goods and services is expected to stabilise at an average annual rate of only 6.3 per cent.

Spending on transfers and subsidies increased at an average annual rate of 20.8 per cent between 2005/06 and 2008/09, from R703.8 million to R1.2 billion, and is expected to increase further at an average annual rate of 7 per cent over the medium term, to reach R1.5 billion in 2011/12.

**Public entities****Legal Aid Board****Strategic overview: 2005/06 – 2011/12**

The Legal Aid Board was established in terms of section 2 of the Legal Aid Act (1969) to provide legal aid to indigent people and legal representation at state expense to eligible people in terms of the Constitution. The board provides services in all regional, district and high courts through its extended network. Its role is to

provide independent and impartial legal aid, with the intention of improving justice and public confidence in the law and the administration of justice.

The board uses five broad channels to fulfil its mandate: justice centres, cooperation agreements, judicare, special litigation, and other cost effective and efficient ways to provide legal assistance. The board provides legal aid primarily through the legal practitioners it employs at its justice centres. Its national network includes 57 fully functional justice centres (compared to only 26 in 2001/02), 13 high court units and 35 satellite offices.

The board has identified the following priority groups: children in civil matters; every detained person, including sentenced prisoners, every accused person who wishes to appeal or review a court decision in a higher court; women, particularly in divorces, maintenance and domestic violence cases; and the landless, especially eviction cases.

The board's strategic objectives are: to increase access to independent legal services (civil and criminal), especially for rural and remote communities, to protect vulnerable groups, and to promote alternative dispute resolution and restorative justice.

Over the medium term, it remains critical that communities receive increased public education on their rights and responsibilities, and on how to access services. The board will continue to participate in the criminal justice cluster initiatives, and will see to the implementation of the actions emerging from the criminal justice system review. The quality of legal service is important, and the board will increase its focus on improving turnaround times for trials, improving coordination between stakeholders at the local court level, focusing participation in cluster forums and other professional structures, and supporting the independence of the judiciary.

## Selected performance and operations indicators

**Table 21.9 Legal Aid Board**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of new legal matters	340 244	358 883	396 068	395 219	414 752	435 265	457 028
Number of new legal matters finalised:	303 126	346 497	399 738	381 606	400 494	420 319	441 335
Criminal	270 206 (79%)	308 727 (86%)	359 124 (90%)	347 793 (88%)	364 982 (88%)	383 033 (88%)	402 185 (88%)
Civil	32 920 (21%)	37 770 (14%)	40 614 (10%)	47 426 (12%)	49 770 (12%)	52 232 (12%)	54 843 (12%)
Annual acquittal rate (including withdrawals)	–	–	–	23% (87 769)	24% (96 119)	25% (105 079)	26% (114 747)
Annual ratio of legal aid practitioners per district court	–	–	0.91:1	0.91:1	0.94:1	0.97:1	0.99:1
Annual ratio of legal aid practitioners per regional court	–	–	1.17:1	1.17:1	1.20:1	1.22:1	1.24:1

## Service delivery and spending focus

The Legal Aid Board met all its legal services delivery targets for 2007/08.

The number of new cases dealt with increased by 37 185, from 358 883 in 2006/07 to 396 068 in 2007/08. This was 19 461 cases more than the target of 376 607 for 2007/08. The number of new matters for the first half of 2008/09 (223 365) exceeds the target for the same period (197 609). Cases finalised increased from 346 497 in 2006/07 to 399 738 in 2007/08, against a target of 363 627 for 2007/08. The number of finalised matters (169 283) for the first six months of 2008/09 is below the target for the same period (190 803). This is due to the slower rate of finalisation of civil matters during this period: 14 291 cases have been finalised against a target of 45 793.

In 2007/08, 42 087 children were assisted in criminal matters, and 6 196 in civil matters. The number of automatic reviews in courts continued to decrease steadily each year from 26 720 in 2004/05 to 12 019 in 2007/08.

The planned increase in the ratio of practitioners per court is aimed at improving the quality of legal services. For the first six months of 2008/09, the ratio for district courts is on target at 0.9:1. The ratio for regional courts is 1.15:1. This is slightly below the target of 1.17:1, but is likely to have been met in the second half of 2008/09.

The board's focus over the medium term will be to increase the number of criminal and civil matters finalised, thereby increasing access to justice. This will be achieved by increasing the ratio of legal aid practitioners per district court from 0.94:1 in 2009/10 to 0.99:1 in 2011/12. For regional courts, the ratio will be increased from 1.20:1 to 1.24:1 over the same period.

## Expenditure estimates

**Table 21.10 Legal Aid Board: Objective information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees	252.1	314.3	411.4	586.8	468.2	520.0	552.6
Judicare	112.7	92.6	83.4	74.4	78.9	83.6	88.6
Cooperation agreements	3.9	4.8	4.7	4.0	5.0	5.3	5.6
Impact litigation	–	2.1	2.7	3.0	3.2	3.4	3.6
Civil disbursement	1.4	1.6	1.6	2.8	2.9	3.1	3.3
Other objectives	115.1	118.4	120.9	189.9	299.9	335.4	359.3
<b>Total expense</b>	<b>485.3</b>	<b>533.7</b>	<b>624.6</b>	<b>860.9</b>	<b>858.0</b>	<b>950.8</b>	<b>1 013.0</b>

**Table 21.11 Legal Aid Board: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>12.8</b>	<b>17.4</b>	<b>26.3</b>	<b>18.8</b>	<b>22.5</b>	<b>22.5</b>	<b>22.5</b>
Other non-tax revenue	12.8	17.4	26.3	18.8	22.5	22.5	22.5
<b>Transfers received</b>	<b>453.2</b>	<b>501.4</b>	<b>613.0</b>	<b>842.1</b>	<b>835.5</b>	<b>928.3</b>	<b>990.5</b>
<b>Total revenue</b>	<b>466.0</b>	<b>518.8</b>	<b>639.3</b>	<b>860.9</b>	<b>858.0</b>	<b>950.8</b>	<b>1 013.0</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>485.3</b>	<b>527.1</b>	<b>612.9</b>	<b>857.2</b>	<b>858.0</b>	<b>950.8</b>	<b>1 013.0</b>
Compensation of employees	252.1	310.5	402.9	586.8	468.2	520.0	552.6
Goods and services	211.6	201.8	192.0	253.9	368.9	408.6	436.8
Depreciation	21.6	14.7	17.8	16.5	21.0	22.2	23.6
Interest, dividends and rent on land	0.0	0.1	0.2	–	–	–	–
<b>Transfers and subsidies</b>	<b>–</b>	<b>6.6</b>	<b>11.7</b>	<b>3.7</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total expenses</b>	<b>485.3</b>	<b>533.7</b>	<b>624.6</b>	<b>860.9</b>	<b>858.0</b>	<b>950.8</b>	<b>1 013.0</b>
<b>Surplus / (Deficit)</b>	<b>(19.3)</b>	<b>(14.9)</b>	<b>14.7</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Statement of financial position</b>							
Carrying value of assets	45.9	45.3	63.4	108.3	126.4	145.8	167.2
of which: Acquisition of assets	15.1	13.6	36.0	63.6	41.8	44.5	48.0
Receivables and prepayments	9.2	4.6	3.8	5.0	10.1	14.1	9.9
Cash and cash equivalents	189.7	212.5	252.0	260.7	238.0	219.3	215.3
Assets not classified elsewhere	–	0.8	0.9	1.3	–	–	–
<b>Total assets</b>	<b>244.7</b>	<b>263.2</b>	<b>320.1</b>	<b>375.3</b>	<b>374.5</b>	<b>379.2</b>	<b>392.4</b>
Accumulated surplus/deficit	135.5	125.3	142.4	253.8	253.8	253.8	253.8
Borrowings	–	0.9	1.0	–	–	–	–
Post-retirement benefits	1.0	1.1	1.1	1.1	1.3	1.4	1.4
Trade and other payables	37.2	30.9	47.0	30.5	27.8	29.7	32.2
Provisions	70.9	105.1	128.6	89.9	91.6	94.4	105.0
<b>Total equity and liabilities</b>	<b>244.7</b>	<b>263.2</b>	<b>320.1</b>	<b>375.3</b>	<b>374.5</b>	<b>379.2</b>	<b>392.4</b>

## Expenditure trends

The Legal Aid Board receives transfers from government through the Department of Justice and Constitutional Development, and has been allocated R835.5 million, R928.3 million and R990.5 million over the medium term. This is the board's main source of revenue, supplemented only by interest income. Total revenue is expected to grow at an average annual rate of 5.6 per cent, from R860.9 million to R1 billion between 2008/09 and 2011/12.

Expenditure is expected to increase over the medium term at an average annual rate of 5.9 per cent, rising from R860.9 million in 2009/10 to R1 billion in 2011/12. Compensation of employees is set to increase as a

proportion of total expenditure mainly because of the board's strategy to reduce the outsourcing of legal representation. The increases of 22.3 per cent in 2007/08 and 37.4 per cent in 2008/09 on transfers received were due to additional funding for appointing more staff and implementing the occupation specific dispensation for legally qualified professionals.

The 2009 Budget provides additional allocations of R13.3 million in 2009/10, R14.2 million in 2010/11 and R14.7 million in 2011/12 for the carry through cost of salary wage agreements in compensation of employees.

## Additional tables

**Table 21.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	838.1	886.0	1 043.5	941.1	26.6	967.8	945.2
2. Court Services	2 998.7	3 155.7	2 812.1	3 371.6	(29.1)	3 342.5	3 372.3
3. State Legal Services	415.9	443.6	382.5	503.2	–	503.2	541.8
4. National Prosecuting Authority	1 804.7	1 804.7	1 860.3	2 122.7	(7.2)	2 115.5	2 155.5
5. Auxiliary and Associated Services	1 220.4	1 248.7	1 275.4	1 402.8	183.8	1 586.6	1 500.7
<b>Subtotal</b>	<b>7 277.8</b>	<b>7 538.7</b>	<b>7 373.8</b>	<b>8 341.4</b>	<b>174.1</b>	<b>8 515.5</b>	<b>8 515.5</b>
<b>Direct charge against the National Revenue Fund</b>	<b>1 263.5</b>	<b>1 266.5</b>	<b>1 184.5</b>	<b>1 389.3</b>	<b>–</b>	<b>1 389.3</b>	<b>1 433.5</b>
Judges' salaries	337.1	337.9	298.5	370.3	–	370.3	346.6
Magistrates' salaries	926.4	928.6	886.1	1 019.0	–	1 019.0	1 086.9
<b>Total</b>	<b>8 541.3</b>	<b>8 805.2</b>	<b>8 558.3</b>	<b>9 730.8</b>	<b>174.1</b>	<b>9 904.9</b>	<b>9 949.1</b>

  

<b>Economic classification</b>							
<b>Current payments</b>	<b>7 102.8</b>	<b>7 201.2</b>	<b>6 981.3</b>	<b>8 059.6</b>	<b>(39.0)</b>	<b>8 020.6</b>	<b>8 106.0</b>
Compensation of employees	4 504.4	4 405.8	4 338.9	5 194.3	(0.3)	5 194.0	5 272.9
Goods and services	2 598.4	2 795.4	2 638.5	2 865.3	(38.7)	2 826.6	2 832.3
Financial transactions in assets and liabilities	–	–	4.0	–	0.0	0.0	0.8
<b>Transfers and subsidies</b>	<b>1 006.4</b>	<b>1 038.6</b>	<b>1 024.2</b>	<b>1 150.7</b>	<b>183.9</b>	<b>1 334.7</b>	<b>1 334.7</b>
Provinces and municipalities	–	0.2	–	–	–	–	0.0
Departmental agencies and accounts	929.2	957.5	977.1	1 061.7	183.8	1 245.5	1 245.5
Foreign governments and international organisations	4.0	4.2	3.6	4.2	–	4.2	4.2
Households	73.3	76.7	43.5	84.8	0.1	84.9	84.9
<b>Payments for capital assets</b>	<b>432.0</b>	<b>565.4</b>	<b>552.8</b>	<b>520.5</b>	<b>29.2</b>	<b>549.6</b>	<b>508.4</b>
Buildings and other fixed structures	333.6	414.6	296.2	368.3	54.9	423.2	423.2
Machinery and equipment	97.8	144.1	251.8	142.8	(20.7)	122.0	81.1
Software and intangible assets	0.7	6.7	4.8	9.4	(5.0)	4.4	4.1
<b>Total</b>	<b>8 541.3</b>	<b>8 805.2</b>	<b>8 558.3</b>	<b>9 730.8</b>	<b>174.1</b>	<b>9 904.9</b>	<b>9 949.1</b>

**Table 21.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	1 981.3	2 430.1	3 016.6	3 767.4	4 356.6	4 624.1	4 939.0
Unit cost (R million)	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Personnel numbers (head count)	18 514	19 348	21 309	21 517	21 626	21 709	21 777
<b>Part time and temporary contract employees</b>							
Compensation (R million)	276.3	193.2	158.8	175.4	187.7	199.3	210.7
Unit cost (R million)	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Personnel numbers (head count)	2 545	1 695	1 323	1 323	1 323	1 323	1 323
<b>Interns</b>							
Compensation of interns (R million)	0.7	9.5	7.6	10.0	11.0	12.0	13.0
Unit cost (R million)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Number of interns	9	125	95	100	107	113	118
<b>Total for department</b>							
Compensation (R million)	2 258.3	2 632.9	3 183.0	3 952.9	4 555.4	4 835.5	5 162.7
Unit cost (R million)	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Personnel numbers (head count)	21 068	21 168	22 727	22 940	23 056	23 145	23 218

**Table 21.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	2 258.3	2 632.9	3 183.0	3 874.0	4 585.4	4 881.4	5 212.0
Training expenditure (R million)	6.9	12.4	18.3	37.5	39.6	44.1	47.6
Training as percentage of compensation	0.3%	0.5%	0.6%	1.0%	0.9%	0.9%	0.9%
Total number trained in department (head count)	19 024	20 842	12 082	–			
of which:							
Employees receiving bursaries (head count)	525	1 165	1 173	–			
Learnerships trained (head count)	–	56	–	–			
Internships trained (head count)	9	125	95	100			

**Table 21.D Summary of departmental public private partnership projects**

R million	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate			
		2008/09	2009/10	2010/11	2011/12	
Projects in preparation, registered in terms of Treasury Regulation 16 <sup>1</sup>	–	105.0	109.0	114.2	119.3	
PPP unitary charge	–	105.0	109.0	114.2	119.3	
<b>Total</b>	–	<b>105.0</b>	<b>109.0</b>	<b>114.2</b>	<b>119.3</b>	

1. Only projects that have received Treasury Approval: 1



Table 21.E Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign</b>												
<b>In cash</b>												
Government of the Swiss Confederation	Re-engineering of small claims courts	Court Services	4 500	Goods and services	Implementation of the national action plan to re-engineer small claims courts in South Africa	-	-	2 500	2 815	650	250	-
Embassy of Ireland	Integration of administration of deceased estates	Administration	34 550	Software and other intangible assets	Finalisation of all deceased estates within the master's business unit and creation of a unified system for the supervision of all deceased estates through the development and implementation of a computerised system	-	-	2 185	10 819	-	-	-
The Netherlands	E-justice programme	Administration	24 917	Software and other intangible assets	Transformation and improvement of IT in the department	-	-	-	-	-	-	-
United States Agency for International Development	Criminal justice strengthening programme (democratic consolidation advanced)	Court Services	57 350	Goods and services	Implementation of the criminal justice strengthening programme including various projects focusing on Business Against Crime	-	-	-	-	-	-	-
European Union (European Commission)	E-justice programme	Administration	14 000	Goods and services	Transformation and improvement of IT in the department	-	-	-	-	-	-	-
WK Kellogg	Thuthuzela care centres - training	National Prosecuting Authority	1 737	Goods and services	Provision of training at Thuthuzela care centres	336	496	500	405	-	-	-
United Nations Children's Fund	Sexual offences and community affairs closed circuit TV	National Prosecuting Authority	2 121	Machinery and equipment	Serious Organised Crime Agency closed circuit television, and sexual offences and community affairs closed circuit television acquired	1 248	683	190	-	-	-	-
United States Agency for International Development	Prosecution of child sex offenders	National Prosecuting Authority	293	Goods and services	Improvement of prosecution of child sex offenders	-	-	150	143	-	-	-
Greece	Thuthuzela care centres	National Prosecuting Authority	328	Goods and services	Upgrading Thuthuzela care centres, and training staff	-	-	100	100	128	-	-
Royal Danish Commission	Ndabezitha project	National Prosecuting Authority	538	Goods and services	Training traditional leaders and prosecutors on domestic violence	-	-	338	200	-	-	-
European Union	Justice modernisation	Auxiliary and Associated Services	36 840	Machinery and equipment	Modernisation of the justice system	-	-	36 840	-	-	-	-
Australia	Human Rights Commission	Auxiliary and Associated Services	218	Departmental agencies and accounts	Human Rights Commission	-	-	218	-	-	-	-

Table 21.E Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign</b>												
<b>In cash</b>												
Denmark	Ndabezitha project	National Prosecuting Authority	552	Goods and services	Training traditional leaders and prosecutors on domestic violence	–	–	552	–	–	–	–
<b>In kind</b>												
United States Agency for International Development	Training	National Prosecuting Authority	1 143	Goods and services	Specialised training for the Directorate of Special Operations	1 143	–	–	–	–	–	–
British High Commission	Training week	National Prosecuting Authority	70	Goods and services	Training provided	–	70	–	–	–	–	–
G8 Lyon Group	Airfare, accommodation and meals	National Prosecuting Authority	10	Goods and services	Airfare, accommodation and meals	–	10	–	–	–	–	–
United Nations Office on Drugs and Crime	Travel, subsistence and accommodation	National Prosecuting Authority	10	Goods and services	Travel, subsistence and accommodation	–	10	–	–	–	–	–
United States Embassy	Godiva chocolates	National Prosecuting Authority	1	Goods and services	Godiva chocolates given to children witnesses at court	–	1	–	–	–	–	–
<b>Local</b>												
<b>In cash</b>												
Vodacom	Thuthuzela care centres	National Prosecuting Authority	1 842	Goods and services	Upgrading Thuthuzela care centres, and building new centres	1 532	276	34	–	–	–	–
South African Revenue Service	South African Revenue Service tax unit	National Prosecuting Authority	465	Goods and services	South African Revenue Service tax unit	265	–	–	–	–	–	–
Woolworths	Child courts	National Prosecuting Authority	179	Goods and services	Upgrading child courts to be more child friendly	28	14	137	–	–	–	–
Foundation for Human Rights	Implementation of recommendations of the Truth and Reconciliation Commission on missing people	National Prosecuting Authority	2 040	Goods and services	Implementation of recommendations of the Truth and Reconciliation Commission on missing people	154	1 116	770	–	–	–	–
Business Against Crime	Payment for JR Hillhouse to collaborate on and coordinate preparation of cases for prosecutions	National Prosecuting Authority	14	Goods and services	Payment for JR Hillhouse to collaborate on and coordinate preparation of cases for prosecutions	8	–	6	–	–	–	–

Table 21.E Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
R thousand												
In kind												
Vodacom	Caps and t-shirts	National Prosecuting Authority	2	Goods and services	Caps and t-shirts as prizes at golf day	-	2	-	-	-	-	-
BHP Billiton	Year end function	National Prosecuting Authority	58	Goods and services	Year end function held	58	-	-	-	-	-	-
Centre for Organised Crime	International travel - Mr D Adam	National Prosecuting Authority	11	Goods and services	International travel costs for Mr D Adam	11	-	-	-	-	-	-
Lexmark	Furniture	National Prosecuting Authority	41	Goods and services	Furniture provided	41	-	-	-	-	-	-
Standard Bank	Furniture	National Prosecuting Authority	37	Goods and services	Furniture provided	37	-	-	-	-	-	-
Justice College	South African law reports	National Prosecuting Authority	1 526	Goods and services	South African law reports published	1 526	-	-	-	-	-	-
South African Law Commission	South African law reports	National Prosecuting Authority	88	Goods and services	South African law reports published	88	-	-	-	-	-	-
Various	Directorate for Public Prosecutions, Johannesburg, golf day	National Prosecuting Authority	133	Goods and services	Golf day expenses	-	133	-	-	-	-	-
Mercedes Benz	Advanced driver's course	National Prosecuting Authority	2	Goods and services	Advanced driver's course attended	2	-	-	-	-	-	-
Nashua	Office equipment	National Prosecuting Authority	12	Goods and services	Office equipment provided	12	-	-	-	-	-	-
Total			185 628			6 489	2 811	44 520	14 482	778	250	-

Table 21.F Summary of expenditure on infrastructure

Table 2.11: Summary of expenditures on infrastructure					Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
Type of infrastructure		Service delivery outputs	Current project stage	Total project cost			Medium-term expenditure estimate						
				2005/06		2006/07	2007/08	2009/10		2010/11	2011/12		
R million													
Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)													
Soweto magistrate's office	Magistrate's office	New magistrate's office	Feasibility	330.0	-	-	7.3	-	49.3	51.5	110.0		
Justice college	Training centre	New comprehensive judicial training centre	Feasibility	221.5	-	-	-	-	9.9	54.3	83.3		
Nelspruit high court	High court	New high court in Mpumalanga	Feasibility	210.0	-	-	1.0	-	33.6	44.5	40.0		
Polokwane high court	High court	New high court in Limpopo	Design	210.0	-	-	1.0	-	42.6	35.1	40.0		
Ntuzuma magistrate's office	Magistrate's office	New magistrate's office	Design	190.4	-	6.6	1.0	-	33.3	46.0	15.0		
Port Shepstone magistrate's office	Magistrate's office	New magistrate's office	Design	93.9	-	-	0.5	-	9.2	26.4	18.7		
Johannesburg high court	High court	Additional accommodation: 5 floors to the existing High Court accommodation	Tender	200.2	-	8.0	2.6	18.5	17.8	27.3	66.7		
Accessibility programme: Phase 2	Various courts	Extension of the accessibility programme to cover other disability disciplines	Feasibility	70.0	-	-	-	54.9	7.2	11.3	-		
Pietermaritzburg Colonial	High court			-	0.4	9.2	13.0	-	-	-	-		
Upgrading of various courts	Various courts			-	-	60.5	108.0	-	-	-	-		
Katlehong magistrate's court	Magistrate's office			-	0.4	4.8	5.0	-	-	-	-		
Mamelodi magistrate's office	Magistrate's office			-	-	11.6	1.0	-	-	-	-		
Pietermaritzburg magistrate's office	Magistrate's office			-	1.7	5.7	16.2	-	-	-	-		
Bloemfontein Appeal Court	Magistrate's office			-	7.6	3.6	21.7	21.7	-	-	-		
Galeshewe branch court	Magistrate's office			-	-	-	12.1	-	-	-	-		

Table 21.F Summary of expenditure on infrastructure (continued)

Table 2.1: Summary of expenditure on infrastructure (R million)											
	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Small projects or programmes (costing less than R50 million per annum)											
	Magistrate's office	New magistrate's office	Design	105.0	–	–	–	–	13.5	39.6	31.8
	Magistrate's office	New magistrate's office	Design	97.9	–	–	–	7.3	18.4	31.4	26.6
	Magistrates' Office	New magistrate's office	Design	89.8	–	11.6	1.0	9.3	18.7	29.6	23.8
	Magistrate's office	New magistrate's office	Feasibility	63.0	–	–	–	–	14.1	19.6	–
	Magistrate's office	New magistrate's office	Design	56.0	–	–	–	–	14.4	14.4	–
	Magistrate's office	New magistrate's office	Construction	54.6	–	–	–	29.6	12.8	11.9	–
	Magistrate's office	New magistrate's office	Feasibility	53.6	–	–	–	–	20.6	3.9	–
	Magistrate's office	New magistrate's office	Feasibility	40.6	–	–	0.5	–	13.1	10.2	–
	Magistrate's office	New magistrate's office	Feasibility	39.6	–	–	–	–	15.2	2.8	–
	Magistrate's office	New magistrate's office	Feasibility	39.5	–	–	–	–	15.2	2.8	–
	Magistrate's office	New magistrate's office	Feasibility	37.0	–	–	–	–	10.1	12.6	–
	Magistrate's office	New magistrate's office	Feasibility	35.0	–	4.3	0.2	–	9.1	12.6	–
	Magistrate's office	New magistrate's office	Feasibility	35.0	–	–	0.2	–	9.8	8.8	–
	Magistrate's office	New magistrate's office	Feasibility	33.7	–	–	–	–	10.9	8.5	–
	Magistrate's office	New magistrate's office	Construction	33.4	–	–	19.3	11.0	9.9	2.2	–
	Magistrate's office	New magistrate's office	Construction	31.3	–	–	11.6	10.7	5.0	1.5	–
	Magistrate's office	New magistrate's office	Feasibility	31.2	–	–	–	–	9.1	7.8	–
	Magistrate's office	New magistrate's office	Feasibility	23.4	–	–	–	2.5	10.9	0.7	–
	Magistrate's office	New magistrate's office	Design	15.8	–	3.6	0.5	2.5	6.5	1.4	–
	Magistrate's office	New magistrate's office	Construction	13.1	–	–	–	2.3	0.8	–	–

Table 21.F Summary of expenditure on infrastructure (continued)

	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million											
Ekgangala magistrate's office	Magistrate's office	New magistrate's office	Construction	13.0	-	-	10.0	9.1	4.2	0.8	-
Garies magistrate's office	Magistrate's office	New magistrate's office	Design	8.5	-	-	0.3	1.3	-	5.5	0.8
Ashton periodical court	Periodical court	New periodical court	Design	6.5	-	-	3.3	1.0	2.7	0.5	-
Lothair periodical court	Periodical court	New periodical court	Design	6.0	-	-	0.8	1.5	0.9	2.0	-
Lutzville periodical court	Periodical court	New periodical court	Design	5.9	-	-	-	1.1	2.3	0.4	-
Davel periodical court	Periodical court	New periodical court	Feasibility	5.8	-	-	0.8	-	2.4	-	-
Bitji periodical court	Periodical court	New periodical court	Design	5.7	-	-	1.0	0.8	2.6	-	-
Chrissiesmeer magistrate's office	Magistrate's office	New magistrate's office	Feasibility	5.7	-	-	-	-	2.4	-	-
Grootvlei periodical court	Periodical court	New periodical court	Feasibility	4.8	-	-	-	-	1.9	0.4	-
Keimos magistrate's office	Magistrate's office	New magistrate's office	Feasibility	4.6	-	-	0.3	-	1.8	0.3	-
Dimbaza periodical court	Periodical court	New periodical court	Design	4.3	-	-	1.0	2.8	0.3	2.3	0.4
Tsineng magistrate's office	Magistrate's office	New magistrate's office	Feasibility	4.2	-	-	-	-	0.2	-	-
Gilead periodical court	Periodical court	New periodical court	Feasibility	4.1	-	-	-	-	1.7	-	-
Ngome magistrate's office	Magistrate's office	New magistrate's office	Feasibility	2.8	-	-	0.3	-	-	1.8	0.3
Bloufontein Supreme Court of Appeal	Supreme Court of Appeal	Additional accommodation	Construction	101.4	-	-	-	12.5	8.8	2.8	25.0
Pietermaritzburg Master's Office: Colonial Building	Master's office	Additional accommodation	Construction	77.7	-	-	-	63.3	7.8	6.6	-
Mitchells Plain magistrate's office	Magistrate's office	Additional accommodation	Construction	33.0	-	4.5	20.1	2.9	1.0	-	-
Butterworth magistrate's office	Magistrate's office	Additional accommodation	Tender	33.0	-	-	-	5.7	6.0	2.1	-
Stanger magistrate's office	Magistrate's office	Additional accommodation	Construction	26.5	-	-	-	18.2	-	-	-
Soshanguve magistrate's office	Magistrate's office	Additional accommodation	Design	22.7	-	-	1.0	1.1	3.0	2.4	3.2
Port Elizabeth high court	Magistrate's office	Additional accommodation	Design	21.3	24.1	4.0	-	-	1.8	4.3	-

Table 21.F Summary of expenditure on infrastructure (continued)

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Thembalethu magistrate's office	Magistrate's office	Additional accommodation	Design	18.7	-	-	-	3.3	4.0	0.6	-
Humansdorp magistrate's office	Magistrate's office	Additional accommodation	Feasibility	14.5	-	-	1.3	-	0.8	3.0	10.7
Bredasdorp magistrate's office	Magistrate's office	Additional accommodation	Construction	14.0	-	-	-	13.5	0.6	-	-
Umtzinkhulu magistrate's office	Magistrate's office	Additional accommodation	Feasibility	12.9	-	-	-	-	2.2	1.3	9.4
Calvinia magistrate's office	Magistrate's office	Additional accommodation	Feasibility	12.7	-	-	-	-	2.5	1.3	8.9
KwaMbonambi periodical court	Periodical court	Additional accommodation	Design	11.8	-	-	-	0.0	2.8	0.7	8.2
Tsolo magistrate's office	Magistrate's office	Additional accommodation	Feasibility	10.4	-	-	-	-	2.9	0.3	7.2
Sundumbili magistrate's office	Magistrate's office	Additional accommodation	Design	9.5	-	-	1.2	6.9	1.3	1.2	-
Nqamakwe magistrate's office	Magistrate's office	Additional accommodation	Feasibility	8.9	-	-	-	0.2	2.4	0.2	6.1
Umtata magistrate's Office	Magistrate's office	Additional accommodation	Design	8.5	-	-	-	0.3	1.6	0.7	6.4
Cala magistrate's office	Magistrate's office	Additional accommodation	Design	8.1	-	-	-	5.9	2.2	-	-
Tarkastad magistrate's office	Magistrate's office	Additional accommodation	Tender	7.6	-	-	-	6.1	1.4	0.2	-
Schweizer Reineke magistrate's office	Magistrate's office	Additional accommodation	Construction	7.3	-	-	-	7.1	0.2	-	-
Nqelani magistrate's office	Magistrate's office	Additional accommodation	Feasibility	7.2	-	-	-	5.2	2.0	-	-
Danielskuil periodical court	Periodical court	Additional accommodation	Tender	5.8	-	-	-	5.6	0.2	-	-
Nyoni periodical court	Periodical court	Additional accommodation	Design	5.5	-	-	-	4.1	1.2	0.1	-
Willowmore magistrate's office	Magistrate's office	Additional accommodation	Feasibility	5.5	-	-	-	4.0	1.5	-	-
Wolmaransdorp magistrate's office	Magistrate's office	Additional accommodation	Design	5.4	-	-	-	4.0	1.4	-	-
Bisho High Court	Magistrate's office	Additional accommodation	Design	5.3	-	-	-	-	0.0	1.3	4.0
Mount Ayliff magistrate's office	Magistrate's office	Additional accommodation	Design	5.1	-	-	-	3.7	1.4	-	-
Idutywa magistrate's office	Magistrate's office	Additional accommodation	Feasibility	5.1	-	-	-	3.7	1.4	-	-
Barkley East magistrate's office	Magistrate's office	Additional accommodation	Feasibility	4.9	-	-	-	-	0.8	0.6	-



Table 21.F Summary of expenditure on infrastructure (continued)

	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million											
Whittlesea magistrate's office	Magistrate's office	Additional accommodation	Feasibility	4.7	-	-	-	-	0.3	1.0	-
Grahamstown magistrate's office	Magistrate's office	Additional accommodation	Feasibility	4.5	-	-	-	3.2	1.4	-	-
Christiana magistrate's office	Magistrate's office	Additional accommodation	Design	4.1	-	-	-	3.0	1.1	-	-
Fraserburg Magistrate Office	Magistrate's office	Additional accommodation	Feasibility	3.2	-	-	-	2.4	0.9	-	-
Dundee magistrate's office	Magistrate's office	Additional accommodation	Feasibility	3.1	-	-	-	-	0.9	0.1	-
Deben periodical court	Periodical court	Additional accommodation	Construction	3.1	-	-	-	3.1	-	-	-
Umbumbulu magistrate's office	Magistrate's office	Additional accommodation	Design	2.6	-	-	-	2.1	0.5	-	-
Highflats periodical court	Periodical court	Additional accommodation	Feasibility	1.4	-	-	-	-	0.4	0.1	-
Swellendam magistrate's office	Magistrate's office	Additional accommodation	Feasibility	8.0	-	-	-	-	2.0	0.4	-
Riversdale magistrate's office	Magistrate's office	Additional accommodation	Feasibility	7.5	-	-	-	-	2.0	0.2	-
Galvendale magistrate's office	Magistrate's office	Additional accommodation	Feasibility	12.0	-	-	-	-	2.5	1.1	-
Transfers to National Prosecuting Authority	Transfer	Transfers to National Prosecuting Authority		76.0	-	-	-	25.0	30.0	21.0	-
Various courts	Magistrate's office	Upgrading of various smaller courts	Feasibility	201.6	-	-	-	126.6	23.6	45.1	132.8
Cianwilliam magistrate's court: additional accommodation	Magistrate's office			-	-	5.6	7.0	-	-	-	-
Motherwell magistrate's office	Magistrate's office			-	4.6	7.3	3.3	-	-	-	-
Vulindlela branch court	Periodical court			-	-	-	0.2	-	-	-	-
Vosman branch court	Periodical court			-	-	-	0.2	-	-	-	-
Soweto (Johannesburg) Additional accommodation	Magistrate's office			-	-	7.3	6.0	-	-	-	-
Madadeni magistrate's office	Magistrate's office			-	18.4	9.2	3.0	-	-	-	-
Cape Town additional accommodation	Magistrate's office			-	0.2	1.4	9.0	-	-	-	-
Richmond NC magistrate's office	Magistrate's office			-	-	-	2.3	-	-	-	-
Repairs and maintenance: Various courts	Various courts			-	248.9	155.1	65.2	38.3	-	-	-
<b>Total</b>				<b>3 378.7</b>	<b>306.3</b>	<b>323.7</b>	<b>361.1</b>	<b>568.8</b>	<b>593.2</b>	<b>631.5</b>	<b>679.4</b>

# Vote 22

## Safety and Security

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	15 449.2	14 066.7	206.1	1 176.3	17 520.7	19 588.4
Visible Policing	19 015.5	17 859.2	129.6	1 026.7	20 563.1	21 672.8
Detective Services	7 625.1	7 403.9	36.0	185.2	8 044.8	8 592.6
Crime Intelligence	1 714.1	1 668.0	7.6	38.5	1 987.2	2 119.5
Protection and Security Services	2 605.8	2 521.2	3.4	81.3	2 850.6	3 056.7
<b>Total expenditure estimates</b>	<b>46 409.7</b>	<b>43 519.0</b>	<b>382.8</b>	<b>2 507.9</b>	<b>50 966.4</b>	<b>55 030.0</b>
Executive authority	Minister for Safety and Security					
Accounting officer	National Commissioner of the South African Police Service					
Website address	www.saps.gov.za					

### Aim

*The aim of the Department of Safety and Security is to prevent, combat and investigate crime, maintain public order, protect and secure the inhabitants of South Africa and their property, and uphold and enforce the law.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Develop policy and manage the department, including providing administrative support.

#### Programme 2: Visible Policing

**Purpose:** Enable police stations to institute and preserve safety and security, and provide for specialised interventions and the policing of South Africa's borderlines.

#### Programme 3: Detective Services

**Purpose:** Enable the investigative work of the South African Police Service, including providing support to investigators in terms of forensic evidence and the Criminal Record Centre.

#### Programme 4: Crime Intelligence

**Purpose:** Manage crime intelligence and analyse crime information, and provide technical support for investigations and crime prevention operations.

#### Programme 5: Protection and Security Services

**Purpose:** Provide protection and security services to all identified dignitaries and government interests.

## **Strategic overview: 2005/06 – 2011/12**

The key documents governing policing policy are section 205 of the Constitution of the Republic of South Africa (1996), the South African Police Service Act (1995) and the 1996 national crime prevention strategy. The aim of the strategy is to improve the department's capacity to prevent, combat and investigate crime.

### **Strategic and operational priorities**

Over the medium term, the department will focus on the key operational priorities outlined in its 2005 to 2010 strategy: combating organised crime, serious and violent crime, and crime against women and children; and improving basic service delivery to communities. The key organisational priorities that underpin these operational priorities are human resources, budgeting and managing other resources.

### **The South African Police Service and the integrated justice system**

The Department of Safety and Security is an integral part of the justice, crime prevention and security cluster, which coordinates interdepartmental crime prevention and security initiatives across the integrated justice system. The cluster priorities relating to the South African Police Service are to: improve public safety by preventing and reducing crime; focus on contact crime by developing programmes to reduce social crime; conduct integrated law enforcement operations and enter into partnerships with the organs of civil society and communities; to address organised crime; improve the effectiveness of the integrated justice system; improve the levels of national security by managing the strategy on border security, among others; and develop and implement safety and security measures for the 2009 general elections, the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup.

### **Community and sector policing**

Crime prevention in South Africa is based on the principles of community policing, recognising the interdependence and shared responsibility of the police and the community in establishing safety and security. Key to this approach is establishing active partnerships between the police and the public to jointly address crime and community safety issues. Community policing forums are one of the main ways that this is done.

Sector policing is regarded as an enabling mechanism for organising and mobilising communities at the micro level (for example within the boundaries of neighbourhoods, or sectors) to bring the police service closer to the community. Sector policing focuses on combining police and community capabilities by launching joint projects to address the causes of crime and identify hot spots and vulnerable communities.

### **Annual target for reducing contact crimes**

Government intends to reduce contact crimes by between 7 per cent and 10 per cent a year, including crimes against women and children. The 169 high contact crime stations will be the main focus for this target. In the context of high crime rates, government's aim is to stabilise and then reduce the levels of crime through improved policing and complementary social development and community based initiatives, supported by various government departments.

### **Improving policing services**

To improve policing services, the South African Police Service management reduced policing levels from four to three, retaining the national, provincial and station levels, but closing area offices. The revised structure incorporates the advantages of decentralised work and authority and makes specialised skills (such as those provided by the family violence, child protection and sexual offences units) available at police stations, thus empowering station commissioners to provide a comprehensive service.

### **More capacity at borders and for 2010 FIFA World Cup**

To improve the South African Police Service's capacity to perform its duties in South Africa at ports of entry and exit, and during the 2010 FIFA World Cup, the total number of personnel is expected to reach approximately 204 860 by the end of March 2012 (from 173 241 at the end of March 2008). This larger

establishment will be complemented by the expansion of the department's vehicle fleet, equipment supplies, technological infrastructure and the number of reservists.

## Selected performance and operations indicators

**Table 22.1 Safety and Security**

Indicator	Programme	Past			Current	Projections <sup>2</sup>		
		2005/06	2006/07	2007/08 <sup>1</sup>	2008/09	2009/10	2010/11	2011/12
Rate of detecting contact and property related crimes	Detective Services	40% (658 516)	38% (634 993)	39.45% (615 388)	35%	–	–	–
Rate of convicting contact and property related crimes	Detective Services	21% (151 903)	21% (142 718)	21% (142 907)	21%	–	–	–
Percentage of previous conviction reports generated within 30 days	Detective Services	83% (39 575)	86% (30 194)	76.26% (63 549)	85%	–	–	–
Percentage of exhibits analysed within 35 days	Detective Services	88% (190 253)	92% (197 635)	91% (179 702)	92%	–	–	–
Rate of reduction of contact crimes	Visible Policing	10.8% (752 774)	3.4% (727 129)	5.9% (671 685)	7%	–	–	–
Total number of national partnerships to prevent contact and property related crimes and crimes dependent on police action for detection	Visible Policing	8	9	12	9	–	–	–
Number of arrests per year as a result of police actions to prevent contact and property related crimes and crimes dependent on police action for detection	Visible Policing	549 227	516 104	508 387	510 000	–	–	–

1. The 2008 numbers based on 20 priority crimes were revised in 2009 and are now based solely on contact crimes and property related crimes because of government's emphasis on these crime categories.

2. Past performance is not enough to provide projections for these indicators as results are largely dependent on the frequency of crimes committed, which cannot be projected accurately.

## Expenditure estimates

**Table 22.2 Safety and Security**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	9 809.4	10 630.4	12 063.1	13 841.7	13 841.7	15 449.2	17 520.7	19 588.4
2. Visible Policing	12 607.0	14 021.6	15 332.6	17 195.5	17 195.5	19 015.5	20 563.1	21 672.8
3. Detective Services	4 927.0	5 432.9	5 978.8	6 714.8	6 714.8	7 625.1	8 044.8	8 592.6
4. Crime Intelligence	1 042.7	1 175.0	1 299.4	1 448.8	1 448.8	1 714.1	1 987.2	2 119.5
5. Protection and Security Services	974.7	1 261.3	1 712.2	2 291.5	2 291.5	2 605.8	2 850.6	3 056.7
<b>Total</b>	<b>29 360.8</b>	<b>32 521.2</b>	<b>36 386.1</b>	<b>41 492.3</b>	<b>41 492.3</b>	<b>46 409.7</b>	<b>50 966.4</b>	<b>55 030.0</b>
Change to 2008 Budget estimate				1 039.1	1 039.1	1 089.1	1 572.7	3 256.8

Table 22.2 Safety and Security (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>27 001.6</b>	<b>29 931.5</b>	<b>33 461.9</b>	<b>38 908.7</b>	<b>38 908.7</b>	<b>43 519.0</b>	<b>47 876.1</b>	<b>51 757.9</b>
Compensation of employees	20 206.1	22 654.6	25 522.6	29 085.2	29 085.2	32 603.4	35 519.4	37 788.0
Goods and services	6 790.1	7 264.4	7 935.9	9 823.5	9 823.5	10 915.6	12 356.7	13 969.9
of which:								
Administrative fees	38.8	35.1	31.8	37.4	37.4	41.1	44.0	48.5
Advertising	14.1	22.2	32.1	38.7	38.7	43.9	54.1	63.7
Assets less than R5 000	324.9	431.4	275.3	336.1	336.1	365.2	392.0	427.9
Audit costs: External	30.9	27.7	35.1	42.4	42.4	48.6	61.5	73.4
Bursaries (employees)	1.8	1.8	2.2	2.6	2.6	3.0	3.8	4.5
Catering: Departmental activities	–	–	0.0	0.0	0.0	0.1	0.1	0.1
Communication	593.0	611.9	623.2	727.4	727.4	792.6	817.5	876.4
Computer services	1 394.5	1 163.5	1 198.2	1 446.6	1 446.6	1 657.2	2 096.4	2 499.6
Consultants and professional services:	1.0	7.9	13.9	16.8	16.8	19.2	24.2	28.8
Business and advisory service								
Consultants and professional services:	4.0	26.3	2.2	2.6	2.6	3.0	3.7	4.4
Infrastructure and planning								
Consultants and professional services:	51.3	62.6	75.4	91.1	91.1	104.4	132.1	157.6
Legal costs								
Contractors	429.1	482.8	528.5	621.8	621.8	676.0	697.1	743.2
Agency and support / outsourced services	387.1	450.2	490.0	574.2	574.2	629.7	667.7	717.6
Entertainment	9.3	11.8	14.8	17.7	17.7	19.5	21.7	24.2
Inventory: Fuel, oil and gas	1 007.1	1 189.5	1 381.3	1 977.1	1 977.1	2 158.1	2 228.0	2 402.1
Inventory: Materials and supplies	231.8	256.4	308.8	363.6	363.6	395.0	406.7	436.5
Inventory: Medical supplies	0.5	2.5	5.2	6.3	6.3	7.2	9.0	10.6
Inventory: Military stores	37.6	76.9	53.0	64.0	64.0	73.1	91.6	108.8
Inventory: Other consumables	80.1	90.0	116.6	136.3	136.3	150.0	160.3	177.6
Inventory: Stationery and printing	158.3	195.9	206.6	244.2	244.2	268.8	292.0	323.0
Lease payments	815.3	922.1	1 112.4	1 344.4	1 344.4	1 534.6	1 923.3	2 283.9
Owned and leasehold property expenditure	309.6	321.4	383.1	461.5	461.5	522.9	638.5	748.3
Transport provided: Departmental activities	3.0	3.4	2.7	3.2	3.2	3.5	3.7	4.1
Travel and subsistence	470.0	535.2	618.1	763.8	763.8	834.7	932.7	1 050.7
Training and development	16.0	23.6	28.8	36.0	36.0	40.4	49.7	58.7
Operating expenditure	373.1	300.8	378.9	446.3	446.3	499.8	576.6	662.8
Venues and facilities	8.2	11.5	17.8	21.4	21.4	24.0	28.6	33.1
Financial transactions in assets and liabilities	5.5	12.5	3.4	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>347.7</b>	<b>290.3</b>	<b>334.1</b>	<b>353.5</b>	<b>353.5</b>	<b>382.8</b>	<b>401.3</b>	<b>422.5</b>
Provinces and municipalities	70.9	31.4	19.6	19.4	19.4	23.1	24.1	25.4
Departmental agencies and accounts	13.1	14.6	16.3	17.7	17.7	19.7	21.0	22.2
Households	263.6	244.3	298.2	316.4	316.4	340.0	356.2	374.9
<b>Payments for capital assets</b>	<b>2 011.5</b>	<b>2 299.4</b>	<b>2 590.0</b>	<b>2 230.1</b>	<b>2 230.1</b>	<b>2 507.9</b>	<b>2 689.0</b>	<b>2 849.6</b>
Buildings and other fixed structures	488.1	510.5	732.5	843.3	843.3	1 014.4	1 118.2	1 185.3
Machinery and equipment	1 523.3	1 788.3	1 856.6	1 386.3	1 386.3	1 492.4	1 569.6	1 663.1
Biological and cultivated assets	0.1	0.6	1.0	0.5	0.5	1.1	1.1	1.2
<b>Total</b>	<b>29 360.8</b>	<b>32 521.2</b>	<b>36 386.1</b>	<b>41 492.3</b>	<b>41 492.3</b>	<b>46 409.7</b>	<b>50 966.4</b>	<b>55 030.0</b>

## Expenditure trends

Expenditure increased rapidly between 2005/06 and 2008/09, from R29.4 billion to R41.5 billion, at an average annual rate of 12.2 per cent. It is expected to reach R55 billion by 2011/12, increasing at a rate of 9.9 per cent over the MTEF period. The strong growth in expenditure over the medium term mainly reflects the employment of large numbers of additional police officers, investment in capital infrastructure and concomitant resources such as the automated vehicle location system, the security requirements for the 2010 FIFA World Cup, the upgrading of the IT network, and additional human and physical resource capacity for the forensic science and crime intelligence functions.

*Protection and Security Services* is the fastest growing programme, with expenditure expected to increase from R974.7 million in 2005/06 to R2.3 billion in 2008/09, at an average annual rate of 33 per cent, and at 10.1 per cent over the MTEF period. The rapid increase between 2005/06 and 2008/09 reflects the carry through effect of additional personnel at ports of entry and in railway environments.

Between 2005/06 and 2008/09, departmental expenditure in capital assets increased at an average annual rate of 3.5 per cent, from R2 billion to R2.2 billion, and is set to increase at an average annual rate of 8.5 per cent over the MTEF period, reaching R2.9 billion in 2011/12. Spending in buildings and other fixed structures grew at an average annual rate of 20 per cent between 2005/06 and 2008/09, due to: allocations of R1.1 billion over the medium term in the 2006 Budget for infrastructure and R383.8 million over the medium term in the 2007 Budget for new capital infrastructure, maintenance of policing facilities and property leases. Average annual growth in this item is a modest 12 per cent over the medium term. The bulk of the growth in machinery and equipment (for logistical support and training) occurs between 2008/09 and 2011/12, when it increases at an average annual rate of 6.3 per cent. Buildings and other fixed structures and machinery and equipment are the drivers of payments for capital assets, the fastest growing item in the *Administration* programme.

Additional allocations in the 2009 Budget increase the department's budget by R1.6 billion in 2009/10, R2.2 billion in 2010/11 and R3.9 billion in 2011/12. This is intended for: appointing approximately 5 500 police officials in 2011/12; security requirements for the 2010 FIFA World Cup and the 2009 elections; revamping the criminal justice sector; inflation related adjustments, essentially to cover the higher fuel price, and the higher salary increases granted in 2008/09. The increased allocations for police officers will provide for the recruitment of 35 180 new personnel over the MTEF period, of which 21 680 are in addition to the replacements needed because of staff turnover.

### Savings and reprioritisation

Savings of R274.9 million in 2009/10, R317.1 million in 2010/11 and R358.4 million in 2011/12 have been identified in goods and services and transfer payments to agencies.

### Infrastructure

Average annual growth for constructing new policing infrastructure is 20 per cent from 2005/06 to 2008/09, and 12 per cent from 2008/09 to 2011/12. Infrastructure spending will increase from R488.1 million in 2005/06 to an estimated R1.2 billion in 2011/12. The department has decided on a public private partnership option for constructing a new head office complex, and allocations earmarked for this purpose will be used for building and upgrading police stations. Spending on property management functions devolved from the Department of Public Works increases rapidly, from R988.7 million in 2005/06 to an estimated R2.3 billion in 2011/12, at an average annual rate of 14.8 per cent.

## Departmental receipts

The department expects receipts of approximately R323.8 million in 2008/09, decreasing to R321.3 million in 2011/12. The increase in revenue projected for 2010/11 is mainly because of the expected increase in firearm licence applications. Revenue is mainly generated from recovered debt, rental income, auctioned unclaimed stolen property, and services provided at commercial events.

**Table 22.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>191 665</b>	<b>251 858</b>	<b>345 051</b>	<b>323 839</b>	<b>323 839</b>	<b>316 275</b>	<b>341 732</b>	<b>321 297</b>
Sales of goods and services produced by department	116 117	134 564	173 409	196 701	196 701	202 225	222 699	196 701
Sales of scrap, waste, arms and other used current goods	3 163	2 264	6 000	6 053	6 053	2 280	2 417	2 501
Fines, penalties and forfeits	6 700	7 338	8 021	8 355	8 355	5 950	6 307	6 705
Interest, dividends and rent on land	1 806	1 807	986	1 723	1 723	1 200	1 272	1 360
Sales of capital assets	739	1 352	14 588	665	665	1 120	1 187	1 225
Financial transactions in assets and liabilities	63 140	104 533	142 047	110 342	110 342	103 500	107 850	112 805
<b>Total</b>	<b>191 665</b>	<b>251 858</b>	<b>345 051</b>	<b>323 839</b>	<b>323 839</b>	<b>316 275</b>	<b>341 732</b>	<b>321 297</b>

## Programme 1: Administration

### Expenditure estimates

**Table 22.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	0.9	1.0	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.7	0.7	0.8	1.3	1.4	1.5	1.6
Management	21.8	27.0	47.0	41.7	47.8	52.5	55.6
Corporate Services	8 797.4	9 511.4	10 696.3	12 169.9	13 552.7	15 385.0	17 263.3
Property Management	988.7	1 090.3	1 318.1	1 627.2	1 845.5	2 079.9	2 265.9
<b>Total</b>	<b>9 809.4</b>	<b>10 630.4</b>	<b>12 063.1</b>	<b>13 841.7</b>	<b>15 449.2</b>	<b>17 520.7</b>	<b>19 588.4</b>
Change to 2008 Budget estimate				458.8	128.5	846.6	2 082.2

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



Table 22.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>8 931.5</b>	<b>9 638.3</b>	<b>10 811.9</b>	<b>12 681.7</b>	<b>14 066.7</b>	<b>16 017.1</b>	<b>17 997.2</b>
Compensation of employees	5 486.7	6 206.3	6 955.0	7 833.9	8 512.4	8 985.8	9 611.7
Goods and services	3 439.3	3 419.5	3 853.5	4 847.8	5 554.2	7 031.3	8 385.5
<i>of which:</i>							
Administrative fees	10.0	10.3	9.0	10.9	12.4	15.8	18.8
Advertising	11.0	17.4	27.6	33.3	38.1	48.3	57.6
Assets less than R5 000	101.6	103.5	68.3	82.5	94.5	119.6	142.7
Audit costs: External	30.9	27.7	35.1	42.4	48.6	61.5	73.4
Bursaries (employees)	1.7	1.8	2.2	2.6	3.0	3.8	4.5
Catering: Departmental activities	–	–	0.0	0.0	0.0	0.1	0.1
Communication	65.7	79.3	80.7	97.5	111.7	141.4	168.6
Computer services	1 327.8	1 152.4	1 194.5	1 442.5	1 652.7	2 092.2	2 495.1
Consultants and professional services: Business and advisory services	0.8	7.5	13.6	16.4	18.8	23.8	28.4
Consultants and professional services: Infrastructure and planning	3.6	17.5	2.0	2.4	2.8	3.5	4.2
Consultants and professional services: Legal costs	51.3	62.6	75.4	91.1	104.4	132.1	157.6
Contractors	132.3	64.9	58.6	70.8	81.1	102.7	122.4
Agency and support / outsourced services	70.8	69.8	91.5	110.5	126.6	160.3	191.2
Entertainment	4.2	5.5	5.7	6.9	7.9	10.0	11.9
Inventory: Fuel, oil and gas	68.4	81.0	95.3	309.5	354.6	448.9	535.4
Inventory: Materials and supplies	44.6	35.9	39.6	47.8	54.8	69.4	82.7
Inventory: Medical supplies	0.5	2.4	4.9	5.9	6.8	8.6	10.2
Inventory: Military stores	36.3	60.3	50.3	60.7	69.6	88.1	105.1
Inventory: Other consumables	9.7	17.6	35.7	43.1	49.4	62.5	74.5
Inventory: Stationery and printing	46.8	67.8	66.8	80.7	92.4	117.0	139.5
Lease payments	755.5	863.4	1 056.7	1 276.1	1 462.0	1 850.8	2 207.3
Owned and leasehold property expenditure	269.6	269.5	313.4	378.5	433.7	549.0	654.7
Transport provided: Departmental activities	0.3	0.5	0.7	0.8	0.9	1.2	1.4
Travel and subsistence	181.0	216.3	266.0	321.3	368.1	465.9	555.7
Training and development	15.5	21.2	25.2	30.5	34.9	44.2	52.7
Operating expenditure	193.4	155.9	222.2	268.3	307.4	389.2	464.2
Venues and facilities	6.1	7.6	12.3	14.9	17.1	21.6	25.8
Financial transactions in assets and liabilities	5.5	12.5	3.4	–	–	–	–
<b>Transfers and subsidies</b>	<b>148.6</b>	<b>131.4</b>	<b>176.1</b>	<b>186.2</b>	<b>206.1</b>	<b>216.0</b>	<b>226.6</b>
Provinces and municipalities	12.3	5.1	2.8	2.7	3.2	3.3	3.5
Departmental agencies and accounts	12.6	14.3	15.9	17.2	19.2	20.4	21.6
Households	123.7	112.0	157.4	166.4	183.7	192.2	201.4
<b>Payments for capital assets</b>	<b>729.3</b>	<b>860.7</b>	<b>1 075.1</b>	<b>973.7</b>	<b>1 176.3</b>	<b>1 287.7</b>	<b>1 364.6</b>
Buildings and other fixed structures	479.6	507.2	726.8	843.3	1 014.4	1 118.2	1 185.3
Machinery and equipment	249.7	352.9	347.5	129.9	160.8	168.3	178.2
Biological and cultivated assets	–	0.6	0.8	0.5	1.1	1.1	1.2
<b>Total</b>	<b>9 809.4</b>	<b>10 630.4</b>	<b>12 063.1</b>	<b>13 841.7</b>	<b>15 449.2</b>	<b>17 520.7</b>	<b>19 588.4</b>

**Table 22.4 Administration (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>12.3</b>	<b>5.1</b>	<b>2.8</b>	<b>2.7</b>	<b>3.2</b>	<b>3.3</b>	<b>3.5</b>
Regional Service Council levies	10.0	2.7	–	–	–	–	–
Vehicle licences	2.3	2.5	2.8	2.7	3.2	3.3	3.5
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>12.6</b>	<b>14.3</b>	<b>15.9</b>	<b>17.2</b>	<b>19.2</b>	<b>20.4</b>	<b>21.6</b>
Safety and Security Service Education and Training Authority	12.6	14.3	15.9	17.2	19.2	20.4	21.6
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>78.1</b>	<b>72.3</b>	<b>99.3</b>	<b>94.2</b>	<b>108.4</b>	<b>113.6</b>	<b>119.3</b>
Employee social benefit	18.0	17.9	19.8	11.9	13.9	14.5	15.3
Injury on duty and detainee medical expenses	60.1	54.4	79.4	82.4	94.6	99.1	104.0
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>45.6</b>	<b>39.7</b>	<b>58.2</b>	<b>72.2</b>	<b>75.3</b>	<b>78.6</b>	<b>82.1</b>
Claims against the state	45.6	39.7	58.2	72.2	75.3	78.6	82.1

## Expenditure trends

Expenditure increased from R9.8 billion in 2005/06 to R13.8 billion in 2008/09, at an average annual rate of 12.2 per cent, and is expected to grow at an average annual rate of 12.3 per cent over the MTEF period, from R15.5 billion in 2009/10 to R19.6 billion in 2011/12. On average, expenditure in this programme over the MTEF period amounts to one-third of the department's overall allocation because it provides extensive centralised functions and pays employer medical aid contributions (through the *Corporate Services* subprogramme). The increase in expenditure is also influenced by annual increases on accommodation budgets devolved from the Department of Public Works.

Expenditure on payments for capital assets increases significantly, from R729.3 million in 2005/06 to R1.4 billion in 2011/12, an average annual rate of 11 per cent. This is mainly because of the substantial additional allocations of R108.5 million in the 2006 Budget and R1.1 billion in the 2007 Budget for new policing facilities. Additional allocations of R275.3 million and R60 million were provided for maintenance and leaseholds for functional accommodation in 2007/08 and 2008/09. The continued modernisation of the IT system will receive specific attention over the medium term, with additional funding allocated to the department of R100 million, R900 million and R1.9 billion for revamping the criminal justice sector. E-docket and identification services will be targeted to improve the flow of information and the identification of suspects on the system. The continued expansion of the vehicle fleet, including the automated vehicle location system and upgrading the network and hosting infrastructure, account for increased spending in machinery and equipment.

## Programme 2: Visible Policing

- *Crime Prevention* provides for basic crime prevention and visible policing services at police stations, including at community service centres.
- *Borderline Security* provides for the policing of borderlines.

- *Specialised Interventions* comprises the air wing, special task force and crime combating capacity, among others.

## Objectives and measures

- Discourage contact and property related crimes by establishing partnerships at the 169 high contact crime stations and other stations by March 2011
- Discourage priority crimes by:
  - recovering 85 per cent of stolen or lost firearms each year
  - recovering 46 per cent of stolen vehicles each year
  - increasing the quantity of drugs seized each year.
- Deter illegal activities at borderlines by arresting people involved in human smuggling and trafficking and seizing illegal firearms and goods, stolen vehicles and drugs.
- Neutralise dangerous and potentially dangerous situations through medium and high risk operations by specialised units.
- Reduce contact crimes by 7 per cent a year.

## Service delivery and spending focus

In 2007/08, 508 387 priority crime arrests were made and 17 157 firearms were confiscated, including lost, stolen and illegal firearms, in day-to-day operations and special operations. The result was an average reduction of 6.4 per cent in all contact crimes. Common robbery, rape, attempted murder and robbery with aggravating circumstances were reduced by more than 7 per cent. Theft of motor vehicles increased by 10.8 per cent and theft of motor vehicles and motor cycles by 7.9 per cent. Robbery at business premises, robbery at residential premises, carjacking and truck hijacking increased on average by more than 26 per cent.

Partnerships between the South African Police Service and communities gained momentum, including the Big Business Working Group, Churches against Crime, the Community-building Credible Ownership, the Consumer Goods Council crime prevention programme, and crime reporting boards. Sector policing had been implemented in 74.5 per cent (126 stations) of the 169 high contact crime stations by September 2008. Newly appointed and recruited reservists have been used as force multipliers in the sectors.

In the first half of 2008/09, approximately 265 528 priority crimes arrests were made and 6 715 firearms confiscated in day-to-day operations. More than 26 000 arrests were made at borderlines for the possession of illegal firearms and goods, stolen vehicles, drugs, undocumented persons, human trafficking and maritime related offences. 2 576 arrests were made as a result of violent public and collective incidents, such as attacks, barricades, unlawful gatherings and strikes, damage to property and arson.

Over the MTEF period, the department will appoint additional police officers, provide security for the 2009 elections and the 2010 FIFA World Cup, and buy machinery and equipment for additional personnel.

## Expenditure estimates

**Table 22.5 Visible Policing**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Crime Prevention	11 136.1	12 367.7	13 710.3	15 536.7	17 269.4	18 728.8	19 738.3
Borderline Security	36.3	77.7	168.8	220.6	225.0	229.5	234.1
Specialised Interventions	1 434.6	1 576.1	1 453.5	1 438.2	1 521.1	1 604.9	1 700.4
<b>Total</b>	<b>12 607.0</b>	<b>14 021.6</b>	<b>15 332.6</b>	<b>17 195.5</b>	<b>19 015.5</b>	<b>20 563.1</b>	<b>21 672.8</b>
Change to 2008 Budget estimate				113.6	720.5	653.3	872.2

Table 22.5 Visible Policing (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>11 554.5</b>	<b>12 895.0</b>	<b>14 091.4</b>	<b>16 113.4</b>	<b>17 859.2</b>	<b>19 348.3</b>	<b>20 385.1</b>
Compensation of employees	9 354.3	10 284.1	11 383.5	12 936.9	14 402.7	15 844.4	16 763.5
Goods and services	2 200.2	2 610.9	2 707.9	3 176.5	3 456.5	3 503.9	3 621.7
<i>of which:</i>							
Administrative fees	17.0	14.6	13.0	15.0	16.3	16.6	17.1
Advertising	2.9	4.1	4.0	4.7	5.1	5.2	5.3
Assets less than R5 000	171.6	275.7	161.9	187.4	203.9	206.7	213.7
Bursaries (employees)	0.0	—	—	—	—	—	—
Catering: Departmental activities	—	—	0.0	0.0	0.0	0.0	0.0
Communication	363.7	354.4	361.1	418.2	455.1	461.3	476.8
Computer services	1.2	0.1	0.5	0.6	0.7	0.7	0.7
Consultants and professional services: Business and advisory services	0.1	0.3	0.2	0.3	0.3	0.3	0.3
Consultants and professional services: Infrastructure and planning	0.3	8.2	0.1	0.1	0.1	0.1	0.1
Contractors	224.3	323.0	353.3	409.1	445.2	451.3	466.5
Agency and support / outsourced services	292.7	349.9	363.6	421.1	458.2	464.5	480.1
Entertainment	4.1	5.1	7.9	9.1	9.9	10.0	10.4
Inventory: Fuel, oil and gas	603.3	711.2	814.5	984.0	1 070.8	1 085.4	1 121.9
Inventory: Materials and supplies	122.6	141.4	170.0	196.9	214.3	217.2	224.5
Inventory: Medical supplies	0.0	0.1	0.2	0.3	0.3	0.3	0.3
Inventory: Military stores	1.0	16.2	2.3	2.7	2.9	2.9	3.0
Inventory: Other consumables	25.7	30.4	37.2	43.0	46.8	47.5	49.1
Inventory: Stationery and printing	72.2	78.7	89.7	103.8	113.0	114.5	118.4
Lease payments	29.6	33.1	29.8	34.5	37.6	38.1	39.4
Owned and leasehold property expenditure	32.0	40.6	53.7	62.2	67.6	68.6	70.9
Transport provided: Departmental activities	2.1	2.2	1.5	1.7	1.9	1.9	2.0
Travel and subsistence	158.7	174.6	185.0	214.3	233.1	236.3	244.3
Training and development	0.2	0.8	0.7	0.8	0.9	0.9	0.9
Operating expenditure	73.4	43.7	53.6	62.1	67.5	68.5	70.8
Venues and facilities	1.5	2.6	3.9	4.5	4.9	5.0	5.2
<b>Transfers and subsidies</b>	<b>140.5</b>	<b>110.6</b>	<b>107.7</b>	<b>122.8</b>	<b>129.6</b>	<b>136.0</b>	<b>144.1</b>
Provinces and municipalities	38.2	17.5	11.6	12.1	14.2	14.9	15.7
Departmental agencies and accounts	0.5	0.3	0.4	0.5	0.5	0.6	0.6
Households	101.9	92.8	95.6	110.2	114.9	120.6	127.9
<b>Payments for capital assets</b>	<b>912.0</b>	<b>1 016.0</b>	<b>1 133.5</b>	<b>959.3</b>	<b>1 026.7</b>	<b>1 078.8</b>	<b>1 143.5</b>
Buildings and other fixed structures	8.1	3.3	1.1	—	—	—	—
Machinery and equipment	903.8	1 012.7	1 132.3	959.3	1 026.7	1 078.8	1 143.5
Biological and cultivated assets	0.1	0.0	0.1	—	—	—	—
<b>Total</b>	<b>12 607.0</b>	<b>14 021.6</b>	<b>15 332.6</b>	<b>17 195.5</b>	<b>19 015.5</b>	<b>20 563.1</b>	<b>21 672.8</b>

Table 22.5 Visible Policing (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>38.2</b>	<b>17.5</b>	<b>11.6</b>	<b>12.1</b>	<b>14.2</b>	<b>14.9</b>	<b>15.7</b>
Regional Services Council levies	29.8	7.7	–	–	–	–	–
Vehicle licences	8.4	9.8	11.6	12.1	14.2	14.9	15.7
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>63.7</b>	<b>66.0</b>	<b>72.6</b>	<b>69.9</b>	<b>73.9</b>	<b>78.6</b>	<b>85.0</b>
Employee social benefits	63.7	66.0	72.6	69.9	73.9	78.6	85.0
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>38.1</b>	<b>26.7</b>	<b>23.0</b>	<b>40.3</b>	<b>41.0</b>	<b>42.0</b>	<b>42.9</b>
Injury on duty and detainee medical expenses	38.1	26.7	23.0	40.3	41.0	42.0	42.9

## Expenditure trends

Spending on the *Visible Policing* programme between 2005/06 and 2008/09 took up on average 42.3 per cent of the department's budget. It is expected to increase steadily over the medium term, from R19 billion in 2009/10 to R21.7 billion in 2011/12, at an average annual rate of 8 per cent.

Expenditure on compensation of employees (which constitutes on average 76.8 per cent of expenditure over the MTEF period), goods and services, transfers and subsidies, and payments for capital assets, is also expected to increase over the medium term, due to substantial additional allocations of R6.9 billion in the 2008 Budget for security for the 2010 FIFA World Cup, new recruits, and other departmental priorities. The implementation of the 2007 resolution of the Public Service Coordinating Bargaining Council and related carry through costs are particularly evident in this programme. Expenditure in machinery and equipment will increase from R1 billion in 2009/10 to R1.1 billion in 2011/12 for procuring security equipment for the 2010 FIFA World Cup and other equipment.

## Programme 3: Detective Services

- *Crime Investigations* accommodates detectives at police stations, who investigate general crimes as well as serious crime and organised crime.
- *Criminal Record Centre* funds criminal record centres, which manage criminal records.
- *Forensic Science Laboratory* funds forensic science laboratories, which provide specialised technical analysis and support to investigators in relation to evidence.

## Objectives and measures

- Contribute to the successful prosecution of crime by:
  - increasing the detection rate for contact crimes from 53 per cent to 54 per cent, for property related crimes from 15 per cent to 16 per cent, and for crimes dependent on police action for detection from 94 per cent to 95 per cent in 2009/10
  - maintaining the detection rate of 40 per cent and 42 per cent for sexual offences and assaults against children and women in 2009/10

- increasing the conviction rate for contact crimes from 19 per cent to 20 per cent, for property related crimes from 13 per cent to 14 per cent, and for crimes dependent on police action for detection from 17 per cent to 18 per cent in 2009/10
- maintaining organised crime related charges sent to court at 25 per cent in 2009/10.
- Gather and analyse evidence to contribute to the successful prosecution of crime by:
  - generating 85 per cent of offenders' previous conviction reports within 30 days by March 2010
  - analysing 92 per cent of exhibits within 35 days by March 2010.

## Service delivery and spending focus

In 2007/08, the detection rate for contact crimes and property related crimes was 39.5 per cent, exceeding the target of 34 per cent. The conviction rate on these crimes was 21 per cent, and 76.3 per cent (63 549) of previous conviction reports were generated within 30 days. The target of 85 per cent was not met due to the unreliable power supply, which affected the systems used for processing these reports.

New technologies have improved the case turnaround time and examination quality and the accuracy of firearms identification, and increased the capacity to process DNA related entries. Forensic science laboratories received 197 475 exhibits for analysis in 2007/08, of which 179 702 (91 per cent) were analysed within 35 days.

In the first half of 2008/09, the criminal record centres received 561 405 crime related fingerprint enquiries, of which 273 791 (48.8 per cent) led to positive identification. Upgrading 60 local criminal record centre fingerprint laboratories has increased their capacity to provide relevant scientific support in the investigation of crime. Forensic science laboratories completed 21 709 cases (91 per cent) within 35 days.

Over the MTEF period, the department will appoint additional personnel, buy specialised equipment for forensic science laboratories, and expand the forensic science laboratories and the DNA database.

## Expenditure estimates

**Table 22.6 Detective Services**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Crime Investigations	4 208.0	4 659.9	5 097.2	5 603.7	6 430.4	6 892.1	7 371.9
Criminal Record Centre	507.9	539.2	583.4	652.2	696.6	736.5	780.5
Forensic Science Laboratory	211.1	233.8	298.2	458.9	498.0	416.1	440.2
<b>Total</b>	<b>4 927.0</b>	<b>5 432.9</b>	<b>5 978.8</b>	<b>6 714.8</b>	<b>7 625.1</b>	<b>8 044.8</b>	<b>8 592.6</b>
Change to 2008 Budget estimate				220.2	290.8	166.9	310.5

Table 22.6 Detective Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>4 629.4</b>	<b>5 118.6</b>	<b>5 688.7</b>	<b>6 483.5</b>	<b>7 403.9</b>	<b>7 813.3</b>	<b>8 347.9</b>
Compensation of employees	3 753.0	4 186.8	4 672.4	5 221.8	6 042.4	6 546.1	6 992.3
Goods and services	876.4	931.8	1 016.4	1 261.8	1 361.4	1 267.3	1 355.6
<i>of which:</i>							
Administrative fees	9.8	8.3	7.9	8.9	9.6	8.9	9.6
Assets less than R5 000	20.2	21.6	22.3	25.2	27.2	25.3	27.0
Communication	133.6	146.5	143.8	162.3	175.2	163.0	174.4
Computer services	65.4	10.9	3.1	3.5	3.8	3.5	3.8
Consultants and professional services: Infrastructure and planning	0.1	0.6	0.0	0.0	0.0	0.0	0.0
Contractors	57.0	73.7	88.5	99.9	107.8	100.3	107.3
Agency and support / outsourced services	18.8	24.8	26.3	29.7	32.0	29.8	31.9
Entertainment	0.3	0.7	0.4	0.4	0.5	0.4	0.5
Inventory: Fuel, oil and gas	279.2	329.4	393.1	558.3	602.4	560.7	599.8
Inventory: Materials and supplies	51.7	61.3	77.2	87.1	94.0	87.5	93.6
Inventory: Other consumables	43.6	40.3	41.8	47.2	50.9	47.4	50.7
Inventory: Stationery and printing	30.3	39.6	38.8	43.8	47.3	44.0	47.1
Lease payments	12.1	13.1	12.3	13.9	15.0	14.0	14.9
Owned and leasehold property expenditure	5.8	7.6	9.7	10.9	11.8	11.0	11.7
Transport provided: Departmental activities	0.5	0.5	0.4	0.5	0.5	0.5	0.5
Travel and subsistence	64.1	71.6	72.1	81.3	87.8	81.7	87.4
Training and development	0.2	0.1	0.9	1.0	1.1	1.0	1.1
Operating expenditure	83.4	80.5	76.5	86.3	93.2	86.7	92.8
Venues and facilities	0.1	0.2	0.9	1.0	1.1	1.0	1.1
<b>Transfers and subsidies</b>	<b>45.3</b>	<b>37.6</b>	<b>38.3</b>	<b>34.4</b>	<b>36.0</b>	<b>37.8</b>	<b>39.7</b>
Provinces and municipalities	14.5	6.3	3.9	3.6	4.2	4.4	4.6
Households	30.7	31.3	34.5	30.8	31.8	33.4	35.0
<b>Payments for capital assets</b>	<b>252.3</b>	<b>276.8</b>	<b>251.7</b>	<b>196.9</b>	<b>185.2</b>	<b>193.7</b>	<b>205.1</b>
Buildings and other fixed structures	0.1	0.1	0.2	–	–	–	–
Machinery and equipment	252.2	276.6	251.5	196.9	185.2	193.7	205.1
<b>Total</b>	<b>4 927.0</b>	<b>5 432.9</b>	<b>5 978.8</b>	<b>6 714.8</b>	<b>7 625.1</b>	<b>8 044.8</b>	<b>8 592.6</b>
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>14.5</b>	<b>6.3</b>	<b>3.9</b>	<b>3.6</b>	<b>4.2</b>	<b>4.4</b>	<b>4.6</b>
Regional Services Council levies	12.0	3.1	–	–	–	–	–
Vehicle licences	2.5	3.1	3.9	3.6	4.2	4.4	4.6
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>30.7</b>	<b>31.3</b>	<b>34.5</b>	<b>30.8</b>	<b>31.8</b>	<b>33.4</b>	<b>35.0</b>
Employee social benefits	30.7	31.3	34.5	30.8	31.8	33.4	35.0

## Expenditure trends

Expenditure increased from R4.9 billion in 2005/06 to R8.6 billion in 2011/12, at an average annual rate of 10.9 per cent. Average annual growth of 8.6 per cent is projected over the medium term, and will provide for strengthening capacity for general detectives at police stations and ongoing improvement in the quality of detective policing.

Additional allocations of R250 million over the medium term of the 2008 Budget and R100 million over the medium term of the 2009 Budget have been earmarked to replace and upgrade specialised technical equipment



in the forensic science laboratories countrywide, resulting in average annual growth of 29.6 per cent in the *Forensic Science Laboratory* subprogramme between 2005/06 and 2008/09.

## Programme 4: Crime Intelligence

- *Crime Intelligence Operations* provides for intelligence based crime investigations.
- *Intelligence and Information Management* provides for the analysis of crime intelligence patterns to facilitate crime detection, in support of crime prevention and crime investigation.

### Objectives and measures

- Contribute to the neutralisation of crime by:
  - compiling crime intelligence products to identify crime prone areas and suspects
  - conducting operations focusing on violent organised crime, security intelligence, property related crimes and crimes dependent on police actions.

### Service delivery and spending focus

In 2007/08, the *Crime Intelligence* programme focused on violent organised crime, property related crime and crimes dependent on police action for detection. 18 631 operations resulted in the arrest of 9 524 individuals and the recovery of goods with an estimated value of R2 billion. 95 848 reports were produced: 497 strategic reports (high level reports for decision making), 1 867 tactical reports (linking suspects to a variety of crimes), 22 767 crime prevention reports (preventing the perpetration of certain criminal acts) and 70 717 information reports (identifying organised crime related risk).

In the first half of 2008/09, 2 323 operations resulted in the arrest of 5 908 individuals, and 50 559 reports were produced.

The spending focus over the MTEF period will be on appointing additional personnel.

## Expenditure estimates

**Table 22.7 Crime Intelligence**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Crime Intelligence Operations	463.4	528.1	598.3	675.5	819.2	975.7	1 041.0
Intelligence and Information Management	579.3	647.0	701.2	773.3	894.9	1 011.5	1 078.6
<b>Total</b>	<b>1 042.7</b>	<b>1 175.0</b>	<b>1 299.4</b>	<b>1 448.8</b>	<b>1 714.1</b>	<b>1 987.2</b>	<b>2 119.5</b>
Change to 2008 Budget estimate				20.9	(20.0)	(29.8)	0.6

Table 22.7 Crime Intelligence (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 004.1</b>	<b>1 127.2</b>	<b>1 259.2</b>	<b>1 418.2</b>	<b>1 668.0</b>	<b>1 938.6</b>	<b>2 068.1</b>
Compensation of employees	877.2	990.8	1 086.7	1 235.5	1 463.1	1 730.0	1 842.5
Goods and services	126.9	136.4	172.5	182.7	205.0	208.6	225.6
of which:							
Administrative fees	1.2	1.1	1.1	1.0	1.1	1.1	1.2
Assets less than R5 000	4.9	2.6	2.6	2.5	2.8	2.8	3.1
Communication	16.5	17.2	22.9	21.5	24.1	24.5	26.5
Contractors	6.9	9.3	11.9	11.2	12.6	12.8	13.8
Agency and support / outsourced services	2.5	2.9	3.6	3.4	3.8	3.9	4.2
Entertainment	0.4	0.3	0.3	0.3	0.4	0.4	0.4
Inventory: Fuel, oil and gas	32.9	37.9	46.7	64.7	72.6	73.8	79.9
Inventory: Materials and supplies	6.7	8.1	10.6	10.0	11.2	11.4	12.3
Inventory: Other consumables	0.5	0.5	0.7	0.7	0.7	0.7	0.8
Inventory: Stationery and printing	5.8	5.4	5.9	5.5	6.2	6.3	6.8
Lease payments	5.1	4.4	6.1	5.7	6.4	6.5	7.1
Owned and leasehold property expenditure	1.2	1.4	2.2	2.1	2.3	2.4	2.6
Travel and subsistence	22.4	27.1	35.5	33.3	37.3	38.0	41.1
Operating expenditure	19.3	17.7	21.9	20.5	23.0	23.4	25.3
<b>Transfers and subsidies</b>	<b>8.4</b>	<b>7.3</b>	<b>8.4</b>	<b>7.2</b>	<b>7.6</b>	<b>8.0</b>	<b>8.4</b>
Provinces and municipalities	3.1	1.2	0.5	0.5	0.6	0.6	0.7
Households	5.3	6.1	7.9	6.7	7.0	7.4	7.7
<b>Payments for capital assets</b>	<b>30.2</b>	<b>40.5</b>	<b>31.9</b>	<b>23.4</b>	<b>38.5</b>	<b>40.6</b>	<b>43.0</b>
Machinery and equipment	30.2	40.5	31.9	23.4	38.5	40.6	43.0
<b>Total</b>	<b>1 042.7</b>	<b>1 175.0</b>	<b>1 299.4</b>	<b>1 448.8</b>	<b>1 714.1</b>	<b>1 987.2</b>	<b>2 119.5</b>
<b>Details of selected transfers and subsidies</b>							
Households							
Social benefits							
Current	4.3	5.1	6.8	6.7	7.0	7.4	7.7
Employee social benefits	4.3	5.1	6.8	6.7	7.0	7.4	7.7

## Expenditure trends

Spending in the *Crime Intelligence* programme grew at an average annual rate of 11.6 per cent between 2005/06 and 2008/09, from R1 billion to R1.5 billion. It is expected to grow further over the medium term, at an average annual rate of 13.5 per cent, reaching R2.1 billion in 2011/12. The increases are for increasing overall capacity and aligning functions with the organisational profile of the crime intelligence division, which was reviewed during 2007/08. The 21.3 per cent increase in 2009/10 and the 19 per cent increase in 2010/11 in the *Crime Intelligence Operations* subprogramme are due to the vast increase in personnel.

## Programme 5: Protection and Security Services

- *VIP Protection Services* provides for the protection in transit of the president, the deputy president, former presidents and their spouses, and other identified dignitaries.

- *Static and Mobile Security* provides for the protection of: other local and foreign dignitaries; the places in which all dignitaries, including those related to the president and deputy president, are present; and valuable government cargo.
- *Port of Entry Security* provides for security at ports of entry and exit, such as border posts, airports and harbours.
- *Rail Police* provides for security in the railway environment.
- *Government Security Regulator* provides for security regulation, evaluations, and the administration of national key points and strategic installations.
- *Operational Support* provides for administrative support for the programme, including personnel development.

## Objectives and measures

- Minimise security violations by:
  - protecting all identified dignitaries in transit without any security breaches and ensuring 98 to 99 per cent safe delivery of valuable cargo
  - protecting ports of entry and exit through arrests and seizures of illegal firearms, stolen vehicles, drugs, illegal goods, and intercepting human smuggling and trafficking
  - decreasing the number of contact crimes committed in the railway environment by 7 per cent
  - appraising 50 per cent of a total of 265 identified strategic installations by March 2010.

## Service delivery and spending focus

In 2007/08, railway policing was expanded to address violent crime and shut down transportation networks for drug trafficking by establishing 11 police contact points in Western Cape, Gauteng, KwaZulu-Natal and Eastern Cape and deploying trained members. 2 604 arrests were made for priority crimes in the railway environment. In the first half of 2008/09, 1 304 arrests were made.

The Department of Safety and Security gives ongoing attention to the security of government institutions and key economic infrastructure. Developments include establishing the Government Sector Security Council, tasked with improving the monitoring and evaluation of protection and security in the government sector and revising the National Key Points Bill. In 2007/08, 118 key points were evaluated, and 97 in the first half of 2008/09. At ports of entry, 51 856 arrests were made for various types of crime, including illegal firearms, narcotics, stolen or hijacked vehicles, abalone and illegal immigrants.

Recruiting additional police officials and procuring machinery and equipment will continue over the MTEF period.

## Expenditure estimates

**Table 22.8 Protection and Security Services**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
VIP Protection Services	251.9	294.2	312.5	358.5	380.0	403.6	433.6
Static and Mobile Security	264.2	335.3	408.6	475.1	534.2	572.1	608.0
Port of Entry Security	242.3	363.7	552.3	809.3	974.0	1 087.3	1 172.4
Rail Police	80.8	118.7	253.0	433.7	488.0	540.8	578.8
Government Security Regulator	16.5	23.3	32.3	38.8	47.3	53.0	57.0
Operational Support	119.0	126.2	153.4	176.1	182.3	193.7	206.9
<b>Total</b>	<b>974.7</b>	<b>1 261.3</b>	<b>1 712.2</b>	<b>2 291.5</b>	<b>2 605.8</b>	<b>2 850.6</b>	<b>3 056.7</b>
Change to 2008 Budget estimate				225.6	(30.8)	(64.3)	(8.6)

Table 22.8 Protection and Security Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>882.1</b>	<b>1 152.5</b>	<b>1 610.7</b>	<b>2 211.9</b>	<b>2 521.2</b>	<b>2 758.8</b>	<b>2 959.6</b>
Compensation of employees	734.8	986.6	1 425.1	1 857.1	2 182.8	2 413.1	2 578.1
Goods and services	147.4	165.9	185.6	354.7	338.4	345.7	381.5
of which:							
Administrative fees	0.8	0.9	0.9	1.6	1.6	1.6	1.8
Advertising	0.1	0.5	0.3	0.5	0.5	0.5	0.5
Assets less than R5 000	26.5	28.1	20.2	38.5	36.8	37.6	41.5
Communication	13.5	14.6	14.6	27.9	26.6	27.2	30.0
Computer services	0.0	–	0.0	0.0	0.0	0.0	0.0
Consultants and professional services: Business and advisory services	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Consultants and professional services: Infrastructure and planning	–	–	0.1	0.1	0.1	0.1	0.1
Contractors	8.7	11.8	16.1	30.8	29.4	30.0	33.1
Agency and support / outsourced services	2.3	2.9	5.0	9.5	9.1	9.3	10.3
Entertainment	0.2	0.2	0.5	1.0	0.9	0.9	1.0
Inventory: Fuel, oil and gas	23.2	29.9	31.7	60.6	57.8	59.1	65.2
Inventory: Materials and supplies	6.2	9.8	11.4	21.8	20.8	21.3	23.5
Inventory: Medical supplies	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Inventory: Military stores	0.2	0.3	0.3	0.5	0.5	0.5	0.5
Inventory: Other consumables	0.7	1.1	1.2	2.3	2.2	2.3	2.5
Inventory: Stationery and printing	3.2	4.4	5.5	10.4	9.9	10.2	11.2
Lease payments	13.0	8.0	7.4	14.2	13.5	13.8	15.2
Owned and leasehold property expenditure	1.0	2.3	4.1	7.8	7.4	7.6	8.4
Transport provided: Departmental activities	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Travel and subsistence	43.7	45.6	59.5	113.7	108.4	110.8	122.2
Training and development	0.2	1.3	1.9	3.6	3.4	3.5	3.9
Operating expenditure	3.7	3.0	4.7	9.0	8.6	8.8	9.7
Venues and facilities	0.1	1.0	0.3	0.6	0.6	0.6	0.7
<b>Transfers and subsidies</b>	<b>4.8</b>	<b>3.4</b>	<b>3.6</b>	<b>2.9</b>	<b>3.4</b>	<b>3.5</b>	<b>3.7</b>
Provinces and municipalities	2.9	1.3	0.8	0.6	0.8	0.8	0.9
Households	1.9	2.1	2.8	2.3	2.6	2.7	2.8
<b>Payments for capital assets</b>	<b>87.8</b>	<b>105.4</b>	<b>97.9</b>	<b>76.8</b>	<b>81.3</b>	<b>88.3</b>	<b>93.4</b>
Buildings and other fixed structures	0.3	–	4.3	–	–	–	–
Machinery and equipment	87.4	105.4	93.5	76.8	81.3	88.3	93.4
Biological and cultivated assets	–	–	0.1	–	–	–	–
<b>Total</b>	<b>974.7</b>	<b>1 261.3</b>	<b>1 712.2</b>	<b>2 291.5</b>	<b>2 605.8</b>	<b>2 850.6</b>	<b>3 056.7</b>
<b>Details of selected transfers and subsidies</b>							
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>1.9</b>	<b>2.1</b>	<b>2.8</b>	<b>2.3</b>	<b>2.6</b>	<b>2.7</b>	<b>2.8</b>
Employee social benefits	1.9	2.1	2.8	2.3	2.6	2.7	2.8

## Expenditure trends

Expenditure grew rapidly from R974.7 million in 2005/06 to R2.3 billion in 2008/09, at an average annual rate of 33 per cent. It is expected to increase further over the medium term, at an average annual rate of 10.1 per cent, reaching R3 billion in 2011/12. The increases over the last couple of years facilitated the establishment of the division according to its new mandate and roles and responsibilities, and provided for the implementation of prioritised pilot projects, including airports, land border posts, harbours, railways, and static and mobile security at the ports of entry and in railway environments. The division was established in 2002. The increases over the medium term will provide for the carry through effect of the new recruits and procuring related resources.

## Additional tables

**Table 22.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	11 825.9	11 907.6	12 063.1	13 382.9	458.8	13 841.7	13 841.7
2. Visible Policing	15 465.0	15 706.2	15 332.6	17 081.9	113.6	17 195.5	17 195.5
3. Detective Services	5 710.5	5 805.8	5 978.8	6 494.6	220.2	6 714.8	6 714.8
4. Crime Intelligence	1 261.7	1 284.5	1 299.4	1 427.9	20.9	1 448.8	1 448.8
5. Protection and Security Services	1 654.4	1 682.0	1 712.2	2 065.9	225.6	2 291.5	2 291.5
<b>Total</b>	<b>35 917.5</b>	<b>36 386.1</b>	<b>36 386.1</b>	<b>40 453.2</b>	<b>1 039.1</b>	<b>41 492.3</b>	<b>41 492.3</b>

  

Economic classification							
<b>Current payments</b>	<b>33 589.0</b>	<b>34 057.7</b>	<b>33 461.9</b>	<b>37 869.6</b>	<b>1 039.1</b>	<b>38 908.7</b>	<b>38 908.7</b>
Compensation of employees	25 216.4	25 685.0	25 522.6	28 416.8	668.4	29 085.2	29 085.2
Goods and services	8 372.6	8 372.6	7 935.9	9 452.8	370.7	9 823.5	9 823.5
Financial transactions in assets and liabilities	—	—	3.4	—	—	—	—
<b>Transfers and subsidies</b>	<b>320.1</b>	<b>320.1</b>	<b>334.1</b>	<b>353.5</b>	<b>—</b>	<b>353.5</b>	<b>353.5</b>
Provinces and municipalities	17.5	17.5	19.6	19.4	—	19.4	19.4
Departmental agencies and accounts	15.9	15.9	16.3	17.7	—	17.7	17.7
Households	286.7	286.7	298.2	316.4	—	316.4	316.4
<b>Payments for capital assets</b>	<b>2 008.4</b>	<b>2 008.4</b>	<b>2 590.0</b>	<b>2 230.1</b>	<b>—</b>	<b>2 230.1</b>	<b>2 230.1</b>
Buildings and other fixed structures	727.0	727.0	732.5	843.3	—	843.3	843.3
Machinery and equipment	1 280.9	1 280.9	1 856.6	1 386.3	—	1 386.3	1 386.3
Cultivated assets	0.5	0.5	1.0	0.5	—	0.5	0.5
<b>Total</b>	<b>35 917.5</b>	<b>36 386.1</b>	<b>36 386.1</b>	<b>40 453.2</b>	<b>1 039.1</b>	<b>41 492.3</b>	<b>41 492.3</b>

**Table 22.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	20 206.1	22 654.6	25 522.6	29 085.2	32 603.4	35 519.4	37 788.0
Unit cost (R million)	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Personnel numbers (head count)	155 532	163 416	173 120	183 180	192 240	199 300	204 860
<b>Total for department</b>							
<b>Compensation (R million)</b>	20 206.1	22 654.6	25 522.6	29 085.2	32 603.4	35 519.4	37 788.0
<b>Unit cost (R million)</b>	0.1	0.1	0.1	0.2	0.2	0.2	0.2
<b>Personnel numbers (head count)</b>	155 532	163 416	173 120	183 180	192 240	199 300	204 860
<b>Learnerships</b>							
Payments for learnerships (R million)	0.4	0.5	1.4	3.0	3.0	3.0	3.0
Number of learnerships (head count)	11	85	92	100	100	100	100

**Table 22.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	20 206.1	22 654.6	25 522.6	29 085.2	32 603.4	35 519.4	37 788.0
Training expenditure (R million)	626.2	807.5	966.0	989.6	1 006.5	1 063.8	1 129.0
Training as percentage of compensation	3.1%	3.6%	3.8%	3.4%	3.1%	3.0%	3.0%
Total number trained in department (head count)	50 197	54 212	103 233	—			
<i>of which:</i>							
<i>Internships trained (head count)</i>	11	85	92	—			

Table 22.D Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending Focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
African Renaissance Fund	Democratic Republic of the Congo project	Visible Policing	–	Goods and services	Providing post-conflict training	1 021	2	–	–	1 646	1 646	1 646
Belgium	Support to South African Police Service programmes	Visible Policing	4 405	Goods and services	Capacity building to improve service delivery at station level	2 970	7 513	–	–	–	–	–
Denmark	Career management	Administration	815	Goods and services	Capacity building to improve performance management	560	554	578	578	–	–	–
European Union	Capacity building	Visible Policing	5 976	Goods and services	Capacity building to improve service delivery at station level	36 287	3 832	–	–	–	–	–
European Union	Crime against women and children	Detective Services	8 612	Goods and services	Capacity building to reduce crime incidence	6 367	11 603	13 361	13 361	–	–	–
United Kingdom	Radio and telecommunications project	Administration	–	Goods and services	Capacity building to improve cross border operations	–	(124)	121	121	–	–	–
Norway	Destruction of small arms	Visible Policing	198	Goods and services	Deterrence of cross-border crime	2 440	97	–	–	–	–	–
France	Capacity building	Visible Policing	–	Goods and services	Capacity building to improve service delivery at station level	2 245	–	–	–	334	–	–
Norway	Support to South African Police Service programmes	Administration	–	Goods and services	Capacity building to improve service delivery at station level	–	–	–	–	3 700	3 700	3 700
Germany	Capacity building	Visible Policing	–	Goods and services	Providing post conflict training	–	–	–	–	1 900	1 900	1 900
<b>Total</b>			<b>20 009</b>			<b>51 890</b>	<b>23 477</b>	<b>14 060</b>	<b>14 060</b>	<b>7 580</b>	<b>7 246</b>	<b>7 246</b>



Table 22.E Summary of expenditure on infrastructure

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
					2005/06	2006/07	2007/08		2008/09	2009/10	2010/11	2011/12
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)												
Forensic Laboratory	Parow Forensic Laboratory	Improved service delivery	Construction	359.0	-	-	20.5	67.0	212.9	85.2	-	
Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)												
Rodeplaas dog training school		Improved service delivery	Construction	280.7	-	-	8.9	20.0	60.7	66.0	125.0	
Chief logistics	Office accommodation	Improved service delivery	Design	304.0	-	-	-	34.3	69.7	100.0	100.0	
Small projects or programmes (costing less than R50 million per annum)												
	Accommodation	Improved service delivery	Construction/Design	105.7	-	-	35.7	69.9	-	-	-	
	Forensic laboratory	Improved service delivery	Construction	34.8	-	-	27.4	7.4	-	-	-	
	Mechanical garage	Improved service delivery	Construction	12.7	-	-	3.2	9.4	-	-	-	
	Police station	Improved service delivery	Construction/Design	3 609.8	488.1	510.5	612.3	564.0	671.2	845.5	916.9	
	Recreational facilities	Improved service delivery	Construction	2.4	-	-	2.0	0.5	-	-	-	
	Training facilities	Improved service delivery	Construction	130.8	-	-	16.7	70.7	-	-	43.4	
	Workshops	Improved service delivery	Construction	0.2	-	-	0.2	-	-	-	-	
	Shooting ranges	Improved service delivery	Design	21.5	-	-	-	-	-	21.5	-	
Total				4 861.6	488.1	510.5	727.0	843.3	1 014.4	1 118.2	1 185.3	



# Vote 23

## Agriculture

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	388.6	332.0	33.3	23.3	416.9	448.1
Production and Resources Management	300.2	188.8	105.1	6.3	465.8	683.4
Agriculture Support Services	1 696.1	181.6	1 514.3	0.2	1 732.2	1 951.7
Trade and Economic Development	77.1	51.0	26.0	0.1	84.3	91.2
Food Safety and Biosecurity	330.8	321.1	6.3	3.4	390.0	428.0
<b>Total expenditure estimates</b>	<b>2 792.8</b>	<b>1 074.4</b>	<b>1 685.0</b>	<b>33.4</b>	<b>3 089.1</b>	<b>3 602.5</b>
Executive authority	Minister of Agriculture and Land Affairs					
Accounting officer	Director-General of Agriculture					
Website address	www.nda.agric.za					

### Aim

*The Department of Agriculture aims to lead and support sustainable agriculture and promote rural development through: ensuring access to sufficient, safe and nutritious food; eliminating skewed participation and inequity in agriculture; maximising growth, employment and income in the sector; improving the sustainable management of natural agricultural resources and ecological systems; ensuring effective and sufficient governance; and ensuring knowledge and information management.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide strategic leadership, management, corporate and financial services and operations management.

#### Programme 2: Production and Resources Management

**Purpose:** Optimise agricultural productivity and profitability through the identification of opportunities, the sustainable use and protection of land, water and genetic resources, and infrastructure development to ensure household food security.

#### Programme 3: Agriculture Support Services

**Purpose:** Develop appropriate policies and targeted programmes for equitable access to the agricultural sector for the promotion of shared growth and commercial viability of emerging farmers. Provide risk and disaster management. Provide agricultural education and training, extension and advisory services, scientific research and technology development.

## **Programme 4: Trade and Agricultural Development**

**Purpose:** Facilitate market access for agricultural products. Provide agricultural economic and statistical services.

## **Programme 5: Food Safety and Biosecurity**

**Purpose:** Manage the risks associated with animal and plant diseases and pests, and genetically modified organisms. Register products used in the agriculture. Promote food safety to safeguard human life.

## **Strategic overview: 2005/06 – 2011/12**

### **The agricultural sector's contribution to the economy**

While national income statistics suggest that the agricultural sector presently accounts directly for 3 per cent of GDP, agriculture's contribution to the overall economy is much greater than this. The sector's strong indirect role in the economy is a function of its backward and forward links to other sectors. Its demand for goods such as fertilisers, chemicals and implements forms links back to the manufacturing sector, while forward links are formed through the supply of raw materials to industry.

In terms of exports, agriculture contributes about R30 billion annually. The sector's share of the country's total exports is about 8 per cent, and processed agricultural products constitute about 60 per cent of all agricultural exports. Formal agriculture provides both contract and seasonal employment for about 800 000 workers, and the smallholder sector provides full or part time employment for at least a further 1 million households. This represents about 8.5 million people. Agro-processing and the food industry are major sources of employment and the number of jobs created per unit of investment is higher in agriculture compared to other sectors. This implies that growth in agricultural output overall has a greater impact on employment creation.

Over the medium term, the department intends to: increase agricultural production by supporting farmers, agrarian reform beneficiaries, entrepreneurs and agribusiness; improve access to markets for agricultural products, and maintain effective biosecurity and risk management systems.

### **Current challenges**

#### *Accelerating the pace of land and agrarian reform*

A major challenge for the Department of Agriculture has been to accelerate the pace of land and agrarian reform and to initiate an integrated programme for rural development. The land and agrarian reform project was developed during 2007/08 to provide a new framework for delivery and collaboration on land reform and agricultural support to accelerate the rate and sustainability of transformation. Over the MTEF period, objectives of the land and agrarian reform project are to:

- increase the number of black entrepreneurs in the agribusiness industry by 10 per cent
- provide universal access to agricultural support services for emerging black farmers
- increase agricultural production by emerging black farmers by 10 per cent under the Ilima/Letsema campaign
- increase agricultural trade by previously disadvantaged people by 10 to 15 per cent.

The land and agrarian reform project will provide agricultural and other support services in one-stop shop service centres located close to farming and rural beneficiaries. National, provincial and local governments are committed to jointly implementing this initiative to accelerate land and agrarian reform.

#### *Dealing with the rapid rise in food prices*

A second challenge for the department is the rapid rise in food prices. Contributing factors include the low availability of grains worldwide, increased demand, unfavourable weather conditions, the rise in fuel prices and high agricultural input costs – especially fertiliser. In 2007, Cabinet instructed the government departments in

the social and economic clusters to expand programmes that support groups and communities that are vulnerable to high food prices. These include providing agricultural starter packs for household vegetable production and promoting food gardens as a short term intervention. In support of this imperative, additional funds were allocated for production projects, such as the revitalisation of irrigation schemes, mass food production and the construction of a rooibos tea processing plant during 2008/09. More funds have also been made available for accelerating and improving agricultural crop production through the Ilema/Letsema campaign. The campaign was initiated by the Department of Agriculture as a national effort to ensure that no land lies fallow and that communities and all role players leverage land as a resource to fight poverty and hunger, and increase food security.

#### *Ensuring disease free animal and plant products*

A third challenge for the department is to ensure that animal and plant products are disease free, thus protecting public health. This is an ongoing priority as it has a direct bearing on the sector's ability to produce safe and nutritious food, as well as optimising trade opportunities. Inspection services at all South African land, sea and air ports of entry are being upgraded.

#### **Support to emerging black farmers**

Initiatives by the Micro Agricultural Financial Institutions of South Africa and the comprehensive agricultural support programme are ongoing. The department intends to increase the number of financial institutions providing loans to emerging black farmers, and is expanding extension services through the comprehensive agricultural support programme.

#### **Key policy developments**

To support beneficiaries of land reform and other black farmers, norms and standards for extension and advisory services have been developed. Strategies have also been designed for agricultural education and training, and research and development.

The department distinguishes between the strategic management, project management and performance management processes, and has developed synergies between them to improve performance. The department completed the development of its project management policies, processes, methodology, procedures and templates for its project management support office at the end of October 2008, and has provided project planning support to 64 departmental initiatives in 2008/09.

Other key areas of focus include food safety and biosecurity. The department is developing an effective inspectorate service at all ports of entry to ensure law enforcement and compliance with regulations that control the import and export of agricultural products. The sniffer dog unit at OR Tambo International Airport will be expanded to other ports of entry. The plant health component is also receiving special attention to respond to constraints that currently expose the agricultural sector to risks associated with plant pests and diseases. The department's science based decision making system, which complies with international and national biosecurity obligations and responsibilities, will be strengthened in support of the agricultural industries.

## **Selected performance and operations indicators**

**Table 23.1 Agriculture**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of hectares to be revitalised for irrigation each year	Production and Resources Management	–	–	–	28 874	30 000	33 000	36 000
Number of trainees on industry focused farmer training programme each year	Agriculture Support Services	671	803	903	1 000	2 000	3 000	4 000

**Table 23.1 Agriculture (continued)**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of beneficiaries accessing the comprehensive agricultural support programme each year	Agriculture Support Services	89 000	67 000	51 276	37 900	35 000	32 000	32 000
Number of farmers awarded production loans under the Micro Agricultural Financial Institutions of South Africa scheme each year	Agriculture Support Services	–	5 230	2 200	150	7 000	10 000	15 000
Number of emerging farmers trained in agricultural marketing each year	Trade and Agricultural Development	–	–	–	100	450	450	450
Number of biosecurity standards, operating procedures and directives issued each year	Food Safety and Biosecurity	–	–	7	10	9	10	10

The department has revised its 2008 selected performance indicators to bring them in line with its strategic planning for 2009/10. The new indicators are based on the new programme of action.

## Expenditure estimates

**Table 23.2 Agriculture**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	247.8	279.7	333.9	368.6	368.6	388.6	416.9	448.1
2. Production and Resources Management	341.6	225.6	233.2	553.4	523.4	300.2	465.8	683.4
3. Agriculture Support Services	1 005.9	1 288.0	2 370.0	1 475.3	1 425.3	1 696.1	1 732.2	1 951.7
4. Trade and Economic Development	49.9	47.4	60.9	69.2	69.2	77.1	84.3	91.2
5. Food Safety and Biosecurity	263.7	383.2	334.7	471.2	433.1	330.8	390.0	428.0
<b>Total</b>	<b>1 909.0</b>	<b>2 224.0</b>	<b>3 332.8</b>	<b>2 937.7</b>	<b>2 819.6</b>	<b>2 792.8</b>	<b>3 089.1</b>	<b>3 602.5</b>
Change to 2008 Budget estimate				403.1	285.0	165.0	338.0	682.4

### Economic classification

	718.3	871.8	869.8	1 006.3	998.2	1 074.4	1 181.6	1 276.7
<b>Current payments</b>								
Compensation of employees	358.7	434.8	448.8	550.1	542.0	649.6	725.6	787.4
Goods and services	358.9	435.5	420.8	456.1	456.1	424.8	456.0	489.3
<i>of which:</i>								
Administrative fees	20.3	22.5	27.2	37.1	37.1	37.8	44.4	51.0
Advertising	6.5	11.6	9.0	4.9	4.9	5.4	6.4	6.9
Assets less than R5 000	8.0	5.4	5.5	9.4	9.4	13.8	15.3	15.4
Audit costs: External	3.6	5.1	4.0	4.9	4.9	5.2	5.5	6.0
Bursaries (employees)	1.5	1.7	1.7	2.0	2.0	3.2	3.7	3.9
Catering: Departmental activities	0.9	1.1	0.5	0.6	0.6	1.2	1.3	1.4
Communication	16.0	13.6	16.3	25.2	25.2	22.7	24.5	25.6
Computer services	20.0	16.0	16.2	27.9	27.9	36.8	28.8	30.2
Consultants and professional services: Business and advisory services	2.7	0.6	9.1	2.1	2.1	46.1	48.0	48.6
Consultants and professional services: Infrastructure and planning	56.9	63.0	58.6	57.5	57.5	35.6	40.6	42.3
Consultants and professional services: Laboratory service	–	–	–	0.6	0.6	0.7	0.7	0.5
Consultants and professional services: Legal costs	1.6	1.8	2.0	1.5	1.5	1.0	1.0	1.0
Contractors	14.1	11.7	14.6	11.1	11.1	14.4	14.5	15.1

Table 23.2 Agriculture (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
Agency and support / outsourced services	51.5	55.9	36.4	43.1	43.1	25.0	27.0	28.2
Inventory: Food and food supplies	0.7	0.7	0.7	0.8	0.8	1.3	1.4	1.5
Inventory: Fuel, oil and gas	10.4	13.3	13.2	16.1	16.1	15.4	17.0	19.1
Inventory: Materials and supplies	2.5	6.3	2.5	3.1	3.1	7.5	7.9	9.3
Inventory: Medical supplies	2.5	3.1	2.2	0.8	0.8	1.0	1.1	1.2
Inventory: Other consumables	13.4	15.2	21.8	7.1	7.1	7.5	9.2	9.8
Inventory: Stationery and printing	9.9	12.1	12.9	14.2	14.2	10.8	12.2	12.7
Lease payments	8.2	11.0	10.7	13.5	13.5	17.6	19.3	20.6
Owned and leasehold property expenditure	7.0	8.8	10.0	8.8	8.8	12.5	13.8	14.7
Travel and subsistence	68.1	107.1	90.5	80.8	80.8	58.8	63.6	66.7
Training and development	16.9	26.2	19.9	29.2	29.2	14.9	17.4	19.3
Operating expenditure	3.8	4.4	8.7	10.6	10.6	3.7	4.3	4.6
Venues and facilities	11.6	17.2	26.0	42.8	42.8	24.4	26.6	33.2
Financial transactions in assets and liabilities	0.7	1.5	0.3	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 134.1</b>	<b>1 292.1</b>	<b>2 418.8</b>	<b>1 889.0</b>	<b>1 779.0</b>	<b>1 685.0</b>	<b>1 871.2</b>	<b>2 286.9</b>
Provinces and municipalities	411.2	401.8	762.1	898.4	868.4	877.2	1 117.3	1 437.5
Departmental agencies and accounts	385.7	532.8	522.2	612.7	612.7	567.5	653.2	742.5
Universities and technikons	–	–	3.8	6.2	6.2	4.0	4.2	4.5
Public corporations and private enterprises	146.8	245.5	1 000.1	155.6	105.6	197.2	55.3	58.6
Foreign governments and international organisations	155.1	10.0	32.9	33.8	33.8	32.5	34.4	36.5
Non-profit institutions	0.8	7.7	5.8	17.6	17.6	6.3	6.6	6.9
Households	34.5	94.3	92.0	164.5	134.5	0.2	0.2	0.4
<b>Payments for capital assets</b>	<b>56.6</b>	<b>60.1</b>	<b>44.1</b>	<b>42.5</b>	<b>42.5</b>	<b>33.4</b>	<b>36.4</b>	<b>38.9</b>
Buildings and other fixed structures	17.8	23.4	5.2	23.1	23.1	22.5	25.2	27.3
Machinery and equipment	33.4	34.8	37.1	18.3	18.3	10.7	11.1	11.4
Biological and cultivated assets	0.0	0.1	0.5	0.3	0.3	–	–	–
Software and other intangible assets	5.4	1.7	1.3	0.8	0.8	0.1	0.1	0.1
<b>Total</b>	<b>1 909.0</b>	<b>2 224.0</b>	<b>3 332.8</b>	<b>2 937.7</b>	<b>2 819.6</b>	<b>2 792.8</b>	<b>3 089.1</b>	<b>3 602.5</b>

## Expenditure trends

Expenditure increased from R1.9 billion in 2005/06 to R3.3 billion in 2007/08, and is expected to grow at a further average annual rate of 7.0 per cent over the medium term, to reach R3.6 billion in 2011/12. The increase of 49.9 per cent in 2007/08 was due to a once-off allocation to the Land Bank for the purpose of recapitalisation.

Transfer payments account for on average 63 per cent of the department's budget, apart from 2007/08, when they topped 72.6 per cent due to the once-off allocation to the Land Bank. In 2009/10, the following transfer payments were made: R525.4 million to the Agricultural Research Council; R48.6 million to the Land Bank; R146 million to the Micro Agricultural Financial Institutions of South Africa; R816.8 million to the provincial departments of agriculture for the comprehensive agricultural support programme, LandCare, Ilima/Letsema and veld fires interventions; R197.2 million to public corporations and private enterprises; and R32.5 million to international organisations.

The allocation to the comprehensive agricultural support programme is expected to rise from R538.1 million in 2008/09 to R979.3 million in 2011/12, at an average annual rate of 22.1 per cent, mainly due to increased transfers for assistance to emerging black farmers and communities. This growth also explains the increases of 10.6 per cent and 16.6 per cent in total expenditure in 2010/11 and 2011/12.



An additional R650 million is allocated to enhance agricultural production over the MTEF period. These funds will be transferred to the provincial departments of agriculture as conditional grants for projects such as the upgrading of the Vaalharts/Taung and Makhathini irrigation schemes and the food massification (mass food production) programme in Eastern Cape.

### Savings and reprioritisation

In aggregate, savings of R55.9 million in 2009/10, R65.3 million in 2010/11 and R68 million in 2011/12 have been identified in goods and services (including communication, consultants, entertainment and travel and subsistence items) and transfer payments to departmental agencies and public corporations.

### Infrastructure spending

The department's spending on infrastructure is R62.5 million in 2009/10 and falls into the small projects category. With the exception of funds made available to build a new quarantine station in Durban (R12.4 million), a new office block in Stellenbosch (R3.3 million), erect and maintain border fences to control the spread of foot and mouth disease (R19 million) and drill bore holes (R16 million), the balance (R11.8 million) of the funds is for maintaining existing infrastructure.

## Departmental receipts

A significant portion of departmental revenue is derived from the sale of goods and services, including: statutory services such as registering fertilisers, farm feeds, agricultural remedies and brands; analysing soil; issuing import and export certificates for agricultural products; issuing liquor control permits; and providing quarantine and inspection services.

Other receipts accrue from interest payments, rent on land and financial transactions in assets and liabilities. The substantial increase in total revenue in 2008/09 was mainly due to repayments by provinces of unspent conditional grants amounting to R106.9 million and which is reflected under financial transactions in assets and liabilities. Furthermore, the increase from 2007/08 to 2009/10 in interest, dividends and rent on land and financial transactions in assets and liabilities is due to the incorporation of the agricultural debt account debtors into the department's books since the repeal of the Agricultural Debt Management Act (2001) in September 2008.

**Table 23.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>76 136</b>	<b>94 614</b>	<b>82 049</b>	<b>218 273</b>	<b>191 174</b>	<b>103 450</b>	<b>105 250</b>	<b>106 962</b>
Sales of goods and services produced by department	63 479	59 168	65 621	59 228	56 103	59 215	61 822	65 315
Sales of scrap, waste, arms and other used current goods	8 216	43	204	6	6	5	5	8
Transfers received	300	–	26	29	29	–	–	–
Fines, penalties and forfeits	54	3	92	10	17	3	3	3
Interest, dividends and rent on land	1 596	1 391	1 483	18 500	2 866	17 183	17 194	16 206
Sales of capital assets	208	211	9 957	500	150	436	462	500
Financial transactions in assets and liabilities	2 283	33 798	4 666	140 000	132 003	26 608	25 764	24 930
<b>Total</b>	<b>76 136</b>	<b>94 614</b>	<b>82 049</b>	<b>218 273</b>	<b>191 174</b>	<b>103 450</b>	<b>105 250</b>	<b>106 962</b>

## Programme 1: Administration

### Expenditure estimates

**Table 23.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	0.6	0.9	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.7	0.8	0.9	1.3	1.4	1.5	1.6
Management	26.3	27.2	30.5	43.5	42.8	45.6	48.3
Corporate and Financial Services	96.8	99.3	113.1	134.5	140.6	147.1	157.3
Operations Management	77.0	103.2	143.1	118.5	121.8	129.4	137.5
Office accommodation	46.1	48.5	45.4	69.2	80.2	91.5	101.5
<b>Total</b>	<b>247.8</b>	<b>279.7</b>	<b>333.9</b>	<b>368.6</b>	<b>388.6</b>	<b>416.9</b>	<b>448.1</b>
Change to 2008 Budget estimate				12.6	10.9	13.2	27.9

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

#### Economic classification

	2005.5	240.7	286.2	306.6	332.0	355.6	382.5
<b>Current payments</b>	<b>205.5</b>	<b>240.7</b>	<b>286.2</b>	<b>306.6</b>	<b>332.0</b>	<b>355.6</b>	<b>382.5</b>
Compensation of employees	96.5	107.1	120.5	145.8	172.1	183.4	193.4
Goods and services	108.7	133.5	165.7	160.8	159.9	172.2	189.1
of which:							
Administrative fees	20.1	22.3	27.0	33.9	37.1	43.6	50.1
Advertising	2.6	7.3	1.9	1.6	1.8	1.9	2.0
Assets less than R5 000	4.9	2.0	2.5	3.0	3.1	3.2	3.2
Audit costs: External	3.6	5.0	4.0	4.8	5.2	5.5	6.0
Bursaries (employees)	0.3	0.4	0.6	0.6	1.0	1.1	1.1
Catering: Departmental activities	0.4	0.5	0.5	0.5	0.5	0.5	0.6
Communication	10.0	8.4	10.9	18.5	15.6	16.4	17.1
Computer services	17.7	13.4	14.6	16.0	18.5	19.0	20.1
Consultants and professional services:	–	0.3	1.0	0.7	1.4	1.6	1.8
Business and advisory services							
Consultants and professional services:	1.0	1.2	4.0	5.0	6.1	5.9	6.4
Infrastructure and planning							
Consultants and professional services:	0.2	0.2	1.0	0.3	0.1	0.1	0.1
Legal costs							
Contractors	1.2	1.4	4.9	1.6	2.8	2.1	2.2
Agency and support / outsourced services	9.5	13.5	9.8	12.1	5.3	5.6	5.8
Inventory: Fuel, oil and gas	1.8	1.8	2.1	2.0	2.3	2.6	2.8
Inventory: Materials and supplies	0.4	0.7	0.4	0.3	0.7	0.8	0.9
Inventory: Other consumables	0.6	0.6	0.6	0.9	1.1	1.2	1.3
Inventory: Stationery and printing	4.4	5.7	5.5	4.8	3.9	4.1	4.3
Lease payments	3.5	6.1	8.3	9.7	13.4	14.5	15.4
Owned and leasehold property expenditure	6.4	7.9	9.4	8.8	11.5	12.6	13.5
Travel and subsistence	10.8	18.2	33.4	21.7	17.4	18.6	19.6
Training and development	2.8	4.4	4.6	3.3	4.1	4.8	5.2
Operating expenditure	0.8	1.0	2.8	2.0	0.9	1.0	1.0
Venues and facilities	5.7	11.0	15.4	8.6	5.9	5.3	8.3
Financial transactions in assets and liabilities	0.3	0.1	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>16.6</b>	<b>11.3</b>	<b>33.8</b>	<b>34.6</b>	<b>33.3</b>	<b>35.2</b>	<b>37.4</b>
Provinces and municipalities	0.4	0.2	0.1	0.1	0.1	0.1	0.1
Departmental agencies and accounts	0.4	0.5	0.5	0.6	0.7	0.7	0.8
Public corporations and private enterprises	0.3	0.1	0.1	0.0	0.1	0.1	0.1
Foreign governments and international organisations	15.1	10.0	32.9	33.8	32.5	34.4	36.4
Households	0.4	0.6	0.2	0.0	–	–	–

Table 23.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Payments for capital assets</b>	<b>25.7</b>	<b>27.7</b>	<b>14.0</b>	<b>27.5</b>	<b>23.3</b>	<b>26.1</b>	<b>28.3</b>
Buildings and other fixed structures	17.2	16.5	5.1	23.1	22.5	25.2	27.3
Machinery and equipment	6.7	10.5	8.1	4.1	0.7	0.8	0.8
Software and other intangible assets	1.8	0.7	0.7	0.3	0.1	0.1	0.1
<b>Total</b>	<b>247.8</b>	<b>279.7</b>	<b>333.9</b>	<b>368.6</b>	<b>388.6</b>	<b>416.9</b>	<b>448.1</b>

## Details of selected transfers and subsidies

<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>10.2</b>	<b>7.9</b>	<b>23.3</b>	<b>27.5</b>	<b>26.8</b>	<b>28.5</b>	<b>30.2</b>
Food and Agriculture Organisation of the United Nations: Capacity building	–	–	14.5	12.0	12.0	12.7	13.5
Food and Agriculture Organisation of the United Nations: Membership fees	10.2	7.9	8.8	11.5	9.8	10.5	11.2
International Fund for Agricultural Development	–	–	–	4.0	5.0	5.3	5.5

## Expenditure trends

Expenditure rises steadily over the seven-year period, from R247.8 million in 2005/06 to R448.1 million in 2011/12, at an average annual rate of 10.4 per cent.

The allocations for the *Minister* and *Deputy Minister* subprogrammes grew by a significant 77.5 per cent and 46.9 per cent in 2007/08 and 2008/09 due to large increases in remuneration. The increases of 52.5 per cent and 42.4 per cent in the *Office Accommodation and Management* subprogrammes in 2008/09 were due to inflation related adjustments.

Expenditure in payments for capital assets increased by 97.1 per cent between 2007/08 and 2008/09 due to R12 million budgeted for in 2007/08 but not spent, for a new quarantine station in Durban.

## Programme 2: Production and Resources Management

- *Agricultural Production* focuses on creating an enabling environment for increased and sustainable agricultural production through appropriate policies, legislation, norms and standards, technical guidelines and services, and on ensuring national food security. It also administers the Animal Improvement Act (1988), the Plant Breeders' Rights Act (1976), and the Plant Improvement Act (1976).
- *Engineering and Resources Management* facilitates the development of agricultural infrastructure and the use of agricultural resources. Other activities include: auditing natural resources; controlling migratory pests; rehabilitating and protecting agricultural land; and administering the community based LandCare programme.

## Objectives and measures

- Increase agricultural production by:
  - implementing targeted animal and crop production programmes and providing support services such as Ilima/Letsema to increase food production by 2 per cent per year over the medium term
  - increasing the area of farm land under sustainable management practices to approximately 3 700 hectares of land per year over the medium term
  - increasing the number of beneficiaries adopting sustainable production technologies and practices by 100 per year over the medium term.

## Service delivery and spending focus

South Africa is the first country in Africa, and only the second (after Argentina) in the southern hemisphere, to be awarded a special stamp for its animal recording system by the international animal recording committee.

This international recognition serves as a benchmark for the quality of standards and service delivery in the application of the animal recording system.

The department and its commodity partners continued to implement master mentorship programmes for emerging farmers within the wool, red meat and dairy industries, which included training on animal husbandry, sheep shearing, general dairy herd management, milk recording services, and livestock improvement through the introduction of breeding animals.

The area wide planning undertaken in 2007/08 in Northern Cape and North West on the Vaalharts/Taung irrigation scheme and in KwaZulu-Natal on the Makhathini irrigation scheme, provided the necessary information for implementing major rehabilitation projects. These are aimed at replacing and upgrading irrigation infrastructure to increase agricultural production in the Ilema/Letsema programme. This programme receives an additional R650 million over the medium term for implementation.

Through the LandCare programme, 4 664 beneficiaries received support to protect 2 428 hectares of land and improve the soil management systems implemented on 5 047 hectares of range land in 2007/08.

## Expenditure estimates

**Table 23.5 Production and Resources Management**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	–	0.1	1.4	1.7	1.9	2.0	2.0
Agriculture Production	173.4	42.8	51.4	351.4	99.8	254.4	456.1
Engineering and Resource Management	168.2	182.7	180.5	200.2	198.4	209.4	225.3
<b>Total</b>	<b>341.6</b>	<b>225.6</b>	<b>233.2</b>	<b>553.4</b>	<b>300.2</b>	<b>465.8</b>	<b>683.4</b>
Change to 2008 Budget estimate				294.1	34.4	183.5	387.7

### Economic classification

<b>Current payments</b>	<b>142.5</b>	<b>152.9</b>	<b>163.6</b>	<b>193.0</b>	<b>188.8</b>	<b>201.2</b>	<b>215.5</b>
Compensation of employees	61.4	78.9	85.8	100.9	115.9	122.9	130.8
Goods and services	80.9	73.7	77.7	92.1	72.9	78.4	84.7
of which:							
Administrative fees	0.2	0.2	0.2	1.0	0.5	0.5	0.6
Advertising	1.3	1.5	1.3	0.8	0.4	0.5	0.5
Assets less than R5 000	0.8	0.8	0.9	1.8	1.6	1.9	2.0
Bursaries (employees)	0.2	0.2	0.3	0.5	0.6	0.7	0.6
Communication	2.5	1.6	1.5	1.8	1.2	1.1	1.2
Computer services	1.0	1.1	0.5	0.4	1.0	1.2	1.2
Consultants and professional services: Business and advisory services	–	0.1	–	0.0	8.4	9.9	10.0
Consultants and professional services: Infrastructure and planning	24.0	13.1	17.4	25.0	13.6	14.8	15.1
Consultants and professional services: Legal costs	0.2	0.3	0.3	1.0	0.3	0.3	0.3
Contractors	6.4	4.5	4.7	5.6	8.7	9.2	9.5
Agency and support / outsourced services	3.1	1.2	1.5	3.2	1.2	1.6	1.7
Inventory: Fuel, oil and gas	4.9	7.4	5.9	9.2	8.0	8.9	10.3
Inventory: Materials and supplies	1.0	4.1	1.0	1.9	5.6	5.8	7.0
Inventory: Other consumables	7.6	8.1	14.9	1.9	1.5	1.6	1.7
Inventory: Stationery and printing	1.4	1.5	1.2	1.9	1.0	1.5	1.1
Lease payments	0.4	0.5	0.4	0.8	1.3	1.4	1.5
Owned and leasehold property expenditure	0.0	0.0	0.0	–	0.3	0.5	0.4
Travel and subsistence	20.4	22.5	17.6	21.0	10.2	10.3	11.1
Training and development	1.5	1.4	2.2	1.0	1.2	1.2	1.3
Operating expenditure	0.6	0.7	3.5	1.5	0.4	0.4	0.4
Venues and facilities	3.0	2.5	2.2	11.6	5.3	4.5	6.8
Financial transactions in assets and liabilities	0.2	0.4	–	–	–	–	–

Table 23.5 Production and Resources Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>182.7</b>	<b>60.8</b>	<b>55.0</b>	<b>354.8</b>	<b>105.1</b>	<b>258.2</b>	<b>461.5</b>
Provinces and municipalities	40.2	56.1	47.0	223.3	101.7	254.8	458.1
Departmental agencies and accounts	2.1	2.3	2.5	67.5	3.0	3.0	3.0
Universities and technikons	–	–	3.6	3.6	0.2	0.2	0.2
Public corporations and private enterprises	–	0.3	0.1	60.0	–	–	–
Foreign governments and international organisations	140.0	–	–	–	0.0	0.0	0.0
Non-profit institutions	0.3	1.1	0.2	0.1	–	–	–
Households	–	1.1	1.6	0.3	0.2	0.2	0.2
<b>Payments for capital assets</b>	<b>16.5</b>	<b>11.9</b>	<b>14.7</b>	<b>5.6</b>	<b>6.3</b>	<b>6.3</b>	<b>6.4</b>
Buildings and other fixed structures	–	6.7	0.1	–	–	–	–
Machinery and equipment	13.3	4.4	14.6	5.4	6.3	6.3	6.4
Software and other intangible assets	3.2	0.7	–	0.2	–	–	–
<b>Total</b>	<b>341.6</b>	<b>225.6</b>	<b>233.2</b>	<b>553.4</b>	<b>300.2</b>	<b>465.8</b>	<b>683.4</b>

## Details of selected transfers and subsidies

## Provinces and municipalities

## Provinces

## Provincial revenue funds

## Current

	<b>40.0</b>	<b>55.7</b>	<b>46.7</b>	<b>223.0</b>	<b>101.4</b>	<b>254.5</b>	<b>457.8</b>
LandCare programme grant: Poverty relief and infrastructure development grant	40.0	55.7	46.7	51.0	51.4	54.5	57.8
Ilima / Letsema projects	–	–	–	96.0	50.0	200.0	400.0
Agricultural starter packs	–	–	–	76.0	–	–	–

## Departmental agencies and accounts

## Departmental agencies (non-business entities)

## Current

	<b>2.1</b>	<b>2.3</b>	<b>2.5</b>	<b>67.5</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
Water Research Commission	2.1	2.3	2.5	2.5	3.0	3.0	3.0
Eastern Cape Rural Finance Corporation	–	–	–	65.0	–	–	–

## Universities and technikons

## Current

	<b>–</b>	<b>–</b>	<b>3.6</b>	<b>3.6</b>	<b>–</b>	<b>–</b>	<b>–</b>
University of Stellenbosch	–	–	3.6	3.6	–	–	–

## Public corporations and private enterprises

## Public corporations

## Other transfers

## Current

	<b>–</b>	<b>–</b>	<b>–</b>	<b>60.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
Development Bank of Southern Africa	–	–	–	60.0	–	–	–

## Foreign governments and international organisations

## Current

	<b>140.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
World Food Programme	140.0	–	–	–	–	–	–

## Expenditure trends

Expenditure in the *Production and Resources Management* programme is expected to increase at an average annual rate of 12.3 per cent over the seven-year period, rising from R341.6 million in 2005/06 to R683.4 million in 2011/12. The 34 per cent decrease in expenditure between 2005/06 and 2006/07 was due to a once-off payment of R140 million to the World Food Organisation in 2005/06. The increase of 137.3 per cent in 2008/09 was due to once-off additional transfers of R76 million to provinces to alleviate food shortages in urban areas, and R221 million for Ilima/Letsema projects to improve agricultural production.

Over the medium term, additional allocations of R50 million, R200 million and R400 million are made to further strengthen these projects, resulting in subprogramme growth of 154.8 per cent in 2010/11 and 79.3 per cent in 2011/12.

Expenditure on payments for capital assets peaked in 2007/08 due to the purchase of a drilling rig.

## Programme 3: Agricultural Support Services

- *Livelihoods and Development Support* facilitates the provision of post-settlement support to emerging farmers and agricultural development finance, and promotes black economic empowerment (BEE) and farmer cooperatives. It further manages agricultural risk and disasters by providing compensation for victims and funding for the repair of damaged infrastructure. It also manages the transfer of funds to the comprehensive agricultural support programme, Micro Agricultural Financial Institutions of South Africa, AgriBEE and Ncera Farms. Funding is provided on the basis of approved business plans and service level agreements between the department and these entities.
- *Sector Services and Research* directs and supports agricultural education, training, extension, research and advisory services in support of targeted groups. It also manages the transfer of funds to the Agricultural Research Council. Funding is mainly used for salaries, and other personnel related costs.

### Objectives and measures

- Increase access to services and support for farmers, agrarian reform beneficiaries, entrepreneurs and agribusinesses by:
  - increasing the number of financial institutions accredited in terms of the Micro Agricultural Financial Institutions of South Africa to 12 institutions by the end of 2009/10
  - providing industry focused farmer training to 1 000 beneficiaries per year over the medium term
  - improving the quality of extension services through increasing the number of extension officers enrolled in skills upgrading programmes by 150 per year over the medium term.

### Service delivery and spending focus

As part of its drive to upgrade extension services in all provinces, the department provided training in project management and ICT to 360 extension officers in 2007/08. A further 620 extension officers received training in computer literacy, and 232 were recruited from the provinces as part of the extension recovery plan to support the land reform programme.

495 farmers benefited from 23 pilot projects implemented in Northern, Western and Eastern Cape, as part of the farmer-to-farmer mentorship programme.

While 80 000 emerging black farmers were targeted for support by the comprehensive agricultural support programme in 2007/08, this target proved to be unrealistic, and only 37 230 emerging black farmers and 667 projects were supported.

About 21 400 farmers who suffered losses due to agricultural disasters were assisted financially.

The Black Economic Empowerment Sector Charter on Agriculture was developed and gazetted in 2008. The charter aims to provide a transformation blueprint for the agricultural sector in terms of section 12 of the Broad-Based Black Economic Empowerment Act (2003), and provides important guidelines for empowerment in the agricultural sector.

Over the medium term, the department aims to provide R2.6 billion in conditional grants to provinces for supporting farmers in areas such as infrastructure, training and advisory services and marketing, and for upgrading agricultural colleges.

### Expenditure estimates

**Table 23.6 Agriculture Support Services**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million							
Management	1.8	1.4	1.8	12.3	2.1	2.1	2.2
Livelihoods Development Support	556.8	676.2	1 779.3	747.3	905.5	739.2	794.1
Sector Services and Research	447.3	610.4	588.9	715.7	788.6	990.9	1 155.4
<b>Total</b>	<b>1 005.9</b>	<b>1 288.0</b>	<b>2 370.0</b>	<b>1 475.3</b>	<b>1 696.1</b>	<b>1 732.2</b>	<b>1 951.7</b>
Change to 2008 Budget estimate				(71.2)	132.6	138.8	245.0

Table 23.6 Agriculture Support Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>116.9</b>	<b>158.5</b>	<b>150.5</b>	<b>185.8</b>	<b>181.6</b>	<b>189.7</b>	<b>203.7</b>
Compensation of employees	46.5	55.9	63.2	79.2	84.8	88.6	95.6
Goods and services	70.5	102.6	87.2	106.6	96.9	101.1	108.1
of which:							
Administrative fees	–	–	–	1.2	0.1	0.1	0.1
Advertising	1.1	1.2	2.0	1.3	1.8	2.1	2.4
Assets less than R5 000	0.7	0.8	0.6	1.7	2.1	1.8	1.7
Bursaries (employees)	0.3	0.4	0.1	0.1	0.4	0.4	0.5
Communication	0.6	0.6	0.8	1.7	2.2	2.3	2.5
Computer services	0.2	0.1	0.2	0.1	0.4	0.4	0.5
Consultants and professional services: Business and advisory services	0.0	0.1	0.0	1.4	34.0	34.9	35.5
Consultants and professional services: Infrastructure and planning	30.5	46.9	35.4	23.0	12.5	13.4	14.0
Contractors	2.2	3.4	2.3	1.2	1.6	1.7	1.7
Agency and support / outsourced services	5.7	10.2	6.6	13.8	3.6	4.4	4.9
Inventory: Food and food supplies	0.7	0.7	0.7	0.8	0.9	0.9	0.9
Inventory: Fuel, oil and gas	1.3	1.4	1.5	1.7	2.5	2.6	2.8
Inventory: Materials and supplies	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Inventory: Other consumables	0.9	1.2	0.9	1.0	2.0	2.0	2.2
Inventory: Stationery and printing	1.4	1.7	1.8	1.9	2.0	2.1	2.3
Lease payments	0.2	0.3	0.3	0.5	0.9	1.0	1.0
Owned and leasehold property expenditure	0.5	0.9	0.5	–	0.5	0.6	0.7
Travel and subsistence	9.9	10.9	13.8	13.9	13.0	13.8	13.3
Training and development	10.7	17.9	11.0	23.0	5.9	7.0	8.1
Operating expenditure	0.5	0.6	0.5	0.4	0.8	0.8	0.9
Venues and facilities	2.4	2.5	7.5	17.1	8.6	7.6	11.2
Financial transactions in assets and liabilities	–	0.1	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>886.2</b>	<b>1 122.6</b>	<b>2 215.4</b>	<b>1 285.2</b>	<b>1 514.3</b>	<b>1 542.3</b>	<b>1 747.8</b>
Provinces and municipalities	370.1	345.5	715.0	675.0	775.4	862.4	979.3
Departmental agencies and accounts	369.2	509.3	498.1	522.2	537.9	620.6	705.6
Universities and technikons	–	–	0.2	2.6	3.8	4.0	4.3
Public corporations and private enterprises	146.4	245.2	999.9	74.5	197.2	55.2	58.6
Non-profit institutions	0.5	2.5	2.0	10.9	–	–	–
Households	–	20.1	0.2	0.0	0.0	0.0	0.0
<b>Payments for capital assets</b>	<b>2.8</b>	<b>6.9</b>	<b>4.1</b>	<b>4.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Machinery and equipment	2.8	6.8	3.9	4.1	0.2	0.2	0.2
Biological and cultivated assets	0.0	0.1	–	–	–	–	–
Software and other intangible assets	–	–	0.2	0.2	–	–	–
<b>Total</b>	<b>1 005.9</b>	<b>1 288.0</b>	<b>2 370.0</b>	<b>1 475.3</b>	<b>1 696.1</b>	<b>1 732.2</b>	<b>1 951.7</b>

## Details of selected transfers and subsidies

<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Current</b>	<b>370.0</b>	<b>345.4</b>	<b>715.0</b>	<b>675.0</b>	<b>775.4</b>	<b>862.4</b>	<b>979.3</b>
Comprehensive agricultural support programme grant	250.0	300.0	415.0	438.1	544.6	577.6	622.5
Disaster management	–	–	300.0	–	60.0	–	–
Drought relief	120.0	–	–	–	–	–	–
Flood disaster	–	45.4	–	–	–	–	–
Agriculture disaster management grant	–	–	–	136.8	–	–	–
Comprehensive agricultural support programme grant: Extension services	–	–	–	100.0	170.8	284.8	306.9
Comprehensive agricultural support programme grant: Land and agrarian reform project colleges	–	–	–	–	–	–	50.0



Table 23.6 Agriculture Support Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>316.3</b>	<b>442.2</b>	<b>437.4</b>	<b>457.3</b>	<b>464.9</b>	<b>497.5</b>	<b>532.9</b>
Perishable Products Export Control Board	–	0.6	0.6	0.6	–	–	–
National Student Financial Aid Scheme	8.3	8.3	8.3	5.0	8.5	8.9	9.4
Agricultural Research Council: Baseline allocation	288.4	418.6	385.2	403.7	428.5	459.1	492.2
Agricultural Research Council: Intergis	1.6	1.7	1.8	1.9	2.0	2.1	2.3
Agricultural Research Council: Crop forecast	5.3	5.5	5.7	5.9	9.1	9.7	10.3
Agricultural Research Council: Diagnostic services	7.2	7.4	15.8	16.2	16.7	17.7	18.8
Agricultural Research Council: AgriBEE	5.5	–	–	–	–	–	–
Agricultural Research Council: Onderstepoort Veterinary Institute upgrading of exotic diseases Onderstepoort Biological Products	–	–	20.0	24.0	–	–	–
<b>Capital</b>	<b>52.9</b>	<b>57.1</b>	<b>60.0</b>	<b>62.9</b>	<b>69.0</b>	<b>118.9</b>	<b>168.2</b>
Agricultural Research Council: Baseline allocation	44.9	47.1	49.5	51.9	57.3	62.6	67.3
Agricultural Research Council: Agricultural research and infrastructure	8.0	10.0	10.5	11.0	11.7	12.4	13.2
Agricultural Research Council: Renovations and upgrading	–	–	–	–	–	43.9	87.7
<b>Universities and technikons</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2.6</b>	<b>3.8</b>	<b>4.0</b>	<b>4.3</b>
Fort Hare University: Community development centres	–	–	–	1.0	1.9	2.0	2.1
Free State University: Capacity building SMME development	–	–	–	1.6	1.9	2.0	2.1
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>146.4</b>	<b>245.2</b>	<b>999.9</b>	<b>74.5</b>	<b>197.2</b>	<b>55.2</b>	<b>58.6</b>
Land and Agricultural Bank of South Africa: Micro-Agricultural Finance Initiative of South Africa	144.0	196.0	248.0	22.1	146.0	–	–
Ncera Farms	2.4	2.2	1.9	2.4	2.6	2.8	3.0
Land and Agricultural Bank of South Africa: AgriBEE	–	47.0	50.0	50.0	48.6	52.4	55.6
Land and Agricultural Bank of South Africa: Recapitalisation	–	–	700.0	–	–	–	–
Red Meat Industry Forum	–	–	–	0.0	–	–	–
<b>Non-profit institutions</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9.5</b>	<b>–</b>	<b>–</b>	<b>–</b>
Cotton SA	–	–	–	4.5	–	–	–
National African Farmers Union	–	–	–	5.0	–	–	–
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>–</b>	<b>20.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Broad based black economic empowerment for agriculture (AgriBEE) programme	–	20.0	–	–	–	–	–

## Expenditure trends

Spending in the *Agriculture Support Services* programme increased at an average annual rate of 13.6 per cent between 2005/06 and 2008/09, from R1 billion to R1.5 billion, and is expected to grow at an average annual rate of 9.8 per cent over the medium term, to reach R2 billion in 2011/12.

The 28 per cent increase in 2006/07 was due to increased transfers to the Agricultural Research Council (R130 million), the Land Bank (R47 million), the Micro Agricultural Financial Institutions of South Africa (R50 million) and the comprehensive agricultural support programme (R50 million). Between 2006/07 and 2007/08, expenditure grew by 84 per cent due to once-off allocations of R300 million for agriculture disasters and R700 million to the Land Bank for recapitalisation purposes.

Over the medium term, expenditure in the comprehensive agricultural support programme is projected to increase at an average annual rate of 22.1 per cent, from R538.1 million in 2008/09 to R979.3 million in

2011/12. This is mainly due to additional allocations of R50 million and R318 million for upgrading agricultural colleges, and inflation related adjustments.

Transfers and subsidies increased by 97.3 per cent in 2007/08 due to once-off allocations for disaster management (R300 million) and the extension of the comprehensive agricultural support programme (R100 million). The increase of 45.5 per cent in goods and services in 2006/07 was due to the appointment of more consultants and professional services and the centralisation of funds for research projects.

## Public entities

### Agricultural Research Council

#### Strategic overview: 2005/06 – 2011/12

The Agricultural Research Council is a science institution that conducts fundamental and applied research with partners to generate knowledge, develop human capital, and accelerate innovation in agriculture by developing technology and disseminating information about innovative practices to sector stakeholders. It aims to commercialise its research results to support a prosperous agricultural sector.

Six objectives form the basis of its strategic plan:

- generate, develop and apply new knowledge, science and technology for agriculture to meet the demands for increased food production, food security and poverty alleviation
- promote the sustainable use and management of natural resources to ensure a competitive agricultural sector, and increased wealth for people and industries dependent on natural resource based agriculture
- improve nutrition, food security and safety by improving crop production systems, crop livestock systems and seed security
- improve the ability of the agricultural sector to manage and mitigate agricultural risks by developing and transferring technological solutions that mitigate the effects of risks and threats to the agricultural production chain from natural disasters, diseases, pests and agricultural practices
- transfer technology to disseminate solutions and technologies emanating from agricultural research and development
- achieve organisational growth and sustainability.

#### Selected performance and operations indicators

**Table 23.7 Agricultural Research Council**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of articles published in scientific journals or other publications each year:							
Peer reviewed	193	152	300	300	300	300	300
Non-peer reviewed	586	974	1 200	1 200	1 200	1 200	1 200
Number of technology solutions developed and disseminated each year:							
Commercial	44	100	160	256	409	654	654
Resource poor	45	72	115	184	294	470	470
Number of patents and other intellectual property filed for registration	–	30	30	30	30	30	30
Number of Agricultural Research Council personnel registered for postgraduate training	–	118	148	150	208	238	238
Number of marketable products produced and released	–	8	14	26	46	83	83
Number of requests for collaboration, materials, licensing of technology, postdoctoral attraction, referees	–	353	441	500	689	861	861

#### Service delivery and spending focus

The Agricultural Research Council exceeded performance expectations in a number of areas. A significant success was completing the sequencing of 48 Southern African types of virus isolates of foot and mouth disease from different regions and countries within Southern Africa. Understanding the genetic sequences of these

isolates will enable researchers to develop and select effective vaccine strains with greater specificity. The availability of such vaccines within South Africa, and the continent, will contribute vastly to disease management and increased livestock productivity.

The council's research on wheat has resulted in the classification of two wheat breeding lines, Buffels and Tankwa, for production under irrigation and dry land farming conditions. Research on the Russian wheat aphid and breeding programmes for drought tolerant cultivars continues with some successes. The council has also made progress with the conversion of maize lines to quality protein maize to strengthen resistance to diseases, such as grey leaf spot and stalk rot, and improve drought tolerance.

The improvement of the cattle scheme is set to meet the needs of new entrants into farming, particularly black resource poor farmers. This scheme has continued to attract the participation of increasing numbers of black farmers in various provinces. By December 2008, the scheme had attracted at least 916 farmers from Limpopo, 160 from North West and 178 from Mpumalanga, with a total cattle population of 23 260.

The sustainable use of natural resources and the mitigation of adverse impacts of climate change have resulted in a number of research projects, such as the role of goats in facilitating seed germination, and the distribution of alien invasive plant species.

## Expenditure estimates

**Table 23.8 Agricultural Research Council: Activity information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Generate, develop and apply new knowledge and technology	94.2	100.4	104.2	123.3	135.9	146.0	158.6
Sustainable use and management of natural resources	131.9	140.6	145.9	172.6	190.9	205.6	223.5
Enhance nutrition, food security and safety	125.6	133.9	138.9	164.4	181.2	194.7	211.5
Enhance the ability of the agricultural sector to manage and mitigate agricultural risks	131.9	140.6	145.9	172.6	190.2	204.5	222.1
Technology transfer	81.7	87.0	90.3	106.8	117.8	126.6	137.5
Other activities	87.0	92.7	96.2	113.8	122.5	129.9	140.8
<b>Total expense</b>	<b>652.4</b>	<b>695.1</b>	<b>721.4</b>	<b>853.5</b>	<b>938.5</b>	<b>1 007.2</b>	<b>1 094.0</b>

**Table 23.9 Agricultural Research Council: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>304.4</b>	<b>202.8</b>	<b>241.4</b>	<b>320.1</b>	<b>353.0</b>	<b>367.2</b>	<b>391.4</b>
Agricultural research revenue	304.4	202.8	241.4	320.1	353.0	367.2	391.4
<b>Transfers received</b>	<b>360.9</b>	<b>500.4</b>	<b>488.5</b>	<b>514.6</b>	<b>525.4</b>	<b>607.5</b>	<b>691.7</b>
<b>Total revenue</b>	<b>665.3</b>	<b>703.2</b>	<b>729.9</b>	<b>834.7</b>	<b>878.4</b>	<b>974.8</b>	<b>1 083.1</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>652.4</b>	<b>695.1</b>	<b>721.4</b>	<b>853.5</b>	<b>938.5</b>	<b>1 007.2</b>	<b>1 094.0</b>
Compensation of employees	396.0	416.0	416.1	471.7	518.8	555.1	599.5
Goods and services	240.6	268.0	288.5	363.2	396.5	422.5	456.0
Depreciation	15.8	10.6	16.8	18.7	23.1	29.5	38.4
Interest, dividends and rent on land	0.1	0.5	0.0	0.0	0.0	0.0	0.0
<b>Total expenses</b>	<b>652.4</b>	<b>695.1</b>	<b>721.4</b>	<b>853.5</b>	<b>938.5</b>	<b>1 007.2</b>	<b>1 094.0</b>
<b>Surplus / (Deficit)</b>	<b>12.9</b>	<b>8.2</b>	<b>8.6</b>	<b>(18.8)</b>	<b>(60.1)</b>	<b>(32.4)</b>	<b>(10.9)</b>

**Table 23.9 Agricultural Research Council: Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial position</b>							
Carrying value of assets	397.0	523.2	548.8	584.1	617.7	692.6	809.4
of which: Acquisition of assets	33.3	63.6	42.7	54.3	57.3	105.1	155.7
Investments	1.2	2.2	2.2	2.2	2.2	2.2	2.2
Inventory	14.3	16.3	14.4	14.9	16.4	15.9	16.1
Receivables and prepayments	114.5	60.8	80.3	57.2	62.9	67.3	72.7
Cash and cash equivalents	152.8	96.7	59.1	13.3	(72.9)	(185.2)	(314.2)
<b>Total assets</b>	<b>679.8</b>	<b>699.3</b>	<b>704.9</b>	<b>671.6</b>	<b>626.3</b>	<b>592.8</b>	<b>586.1</b>
Capital and reserves	197.5	205.6	214.2	195.4	135.3	102.8	91.9
Post-retirement benefits	32.0	30.3	27.5	27.5	27.5	27.5	27.5
Trade and other payables	413.6	420.2	426.0	417.1	428.7	425.2	426.4
Provisions	36.6	43.1	37.3	31.7	34.9	37.3	40.3
<b>Total equity and liabilities</b>	<b>679.8</b>	<b>699.3</b>	<b>704.9</b>	<b>671.6</b>	<b>626.3</b>	<b>592.8</b>	<b>586.1</b>

### Expenditure trends

The Agricultural Research Council's funds are mainly derived from grants received from government transfers. Funding outside the salary bill has to be carefully used to ensure that the council meets its mandates and is still able to generate external income through providing research services. Transfers to the council over the MTEF period are R525.4 million, R607.5 million and R691.7 million.

Expenditure increased steadily between 2005/06 and 2008/09 at an average annual rate of 9.4 per cent, driven largely by inflationary increases in compensation of employees and goods and services. It is expected to rise by a further average annual rate of 8.6 per cent over the medium term, to reach R1.1 billion in 2011/12.

## Programme 4: Trade and Agricultural Development

- *Trade and Marketing Development* facilitates domestic and international market access for South African agricultural products. It also manages the transfer of funds to the National Agricultural Marketing Council.
- *Economic and Statistical Services* provides for agricultural statistical services in support of economic growth and development, and an equitable agricultural sector. It also monitors and evaluates the economic performance of the sector and generates national agricultural statistics.

Funding in both these subprogrammes is mainly used for salaries, and other personnel related costs.

### Objectives and measures

- Improve market access for agricultural products by:
  - increasing the number of emerging black farmers trained in agricultural marketing from 100 to 450 per year over the MTEF period
  - increasing international market access for South African agricultural products by concluding 6 negotiating positions per year over the MTEF period.
- Increase the level of public and private investment in agricultural development through improving the knowledge base in agricultural economics by publishing 14 economic reviews, 8 topical reports and 6 statistical reports by March 2010.

### Service delivery and spending focus

To improve the accuracy of crop forecasts, a new producer independent crop estimation system was developed in 2007, and is currently being implemented. The new system will complement the existing point frame sampling system.

Statistics South Africa completed an agricultural census of commercial farmers on behalf of the department in 2007. The results are now being processed.

Over the medium term, the *Trade and Agricultural Development* programme will focus on increasing market access by training emerging farmers to market their own products, and promoting increased participation in international markets. The food price structure is monitored by the National Agricultural Marketing Council.

## Expenditure estimates

**Table 23.10 Trade and Agricultural Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Management	0.6	1.5	1.2	2.0	2.4	2.4	2.5
Trade and Marketing Development	31.6	30.8	36.3	45.3	52.1	57.6	62.3
Economic and Statistical Services	17.8	15.1	23.5	21.9	22.6	24.3	26.4
<b>Total</b>	<b>49.9</b>	<b>47.4</b>	<b>60.9</b>	<b>69.2</b>	<b>77.1</b>	<b>84.3</b>	<b>91.2</b>
Change to 2008 Budget estimate				0.4	2.2	5.1	7.7

### Economic classification

<b>Current payments</b>	<b>32.7</b>	<b>33.9</b>	<b>42.9</b>	<b>46.2</b>	<b>51.0</b>	<b>55.3</b>	<b>57.7</b>
Compensation of employees	23.0	24.3	26.3	32.0	39.9	42.2	44.5
Goods and services	9.6	9.6	16.6	14.2	11.1	13.1	13.2
of which:							
Advertising	0.3	0.3	0.5	0.2	0.2	0.2	0.2
Assets less than R5 000	0.3	0.3	0.2	0.4	0.4	0.5	0.5
Computer services	0.5	0.5	0.4	0.5	0.5	0.6	0.6
Consultants and professional services: Business and advisory services	2.7	0.0	8.1	0.0	0.0	0.0	0.0
Consultants and professional services: Infrastructure and planning	–	–	–	2.7	–	–	–
Agency and support / outsourced services	1.0	1.2	0.5	2.4	2.1	2.2	2.3
Inventory: Stationery and printing	0.8	0.8	1.1	0.8	0.4	0.4	0.4
Travel and subsistence	2.8	4.1	4.0	4.6	4.0	4.2	4.4
Training and development	0.3	0.7	0.6	0.1	0.3	0.3	0.4
Venues and facilities	0.1	0.5	0.2	0.8	2.0	3.6	3.1
Financial transactions in assets and liabilities	0.0	–	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>14.5</b>	<b>12.7</b>	<b>17.6</b>	<b>22.5</b>	<b>26.0</b>	<b>28.8</b>	<b>33.3</b>
Provinces and municipalities	0.2	0.0	–	–	–	–	–
Departmental agencies and accounts	14.0	12.7	17.0	22.5	26.0	28.8	33.2
Public corporations and private enterprises	0.0	0.0	–	–	–	–	–
Households	0.3	0.0	0.6	–	–	–	0.2
<b>Payments for capital assets</b>	<b>2.8</b>	<b>0.7</b>	<b>0.5</b>	<b>0.5</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>
Machinery and equipment	2.5	0.7	0.5	0.5	0.1	0.2	0.2
Software and other intangible assets	0.3	–	–	0.0	–	–	–
<b>Total</b>	<b>49.9</b>	<b>47.4</b>	<b>60.9</b>	<b>69.2</b>	<b>77.1</b>	<b>84.3</b>	<b>91.2</b>

### Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
<b>Current</b>	<b>14.0</b>	<b>12.7</b>	<b>17.0</b>	<b>22.5</b>	<b>26.0</b>	<b>28.8</b>	<b>33.2</b>
National Agricultural Marketing Council	14.0	12.7	17.0	22.5	26.0	28.8	33.2

## Expenditure trends

Expenditure in the *Trade and Agricultural Development* programme reflects an average annual increase of 10.6 per cent over the seven-year period, rising from R49.9 million in 2005/06 to R91.2 million in 2011/12. Between 2006/07 and 2007/08, expenditure increased by 28.6 per cent due to increased transfers of R4.3 million to the National Agricultural Marketing Council for capacity building and R8 million to Statistics South Africa for an agricultural survey.

Spending on payments for capital assets decreases by an average annual rate of 35.6 per cent over the seven-year period, due to the programme being fully staffed and equipped.

## Programme 5: Food Safety and Biosecurity

- *Plant Health and Inspection Services* develops sound plant health risk management frameworks, contributes to a compliance system for assessing potential risks associated with genetically modified organisms, and regulates border and national inspection services on regulated agricultural products intended for import, export and local trade.
- *Food and Veterinary Services* manages animal diseases and assists with negotiating protocols for importing and exporting animals and animal products, and ensures that animal products are of good quality and safe for human consumption.

Funding in both these subprogrammes is mainly used for salaries, and other personnel related costs.

## Objectives and measures

- Improve and maintain biosecurity risk management systems by:
  - Improving the regulatory framework by 2010/11
  - designing an early warning system for biosecurity risks by 2011/12
  - strengthening compliance and implementation of regulations.
- Access, improve and maintain domestic and international markets by ensuring compliance with plant and animal health measures, food safety measures, biosafety and biosecurity regulations, and the effective regulation of agrochemicals.
- Implement 9 initiatives (such as awareness campaigns) over the medium term that will improve access to biosecurity services for all beneficiaries

## Service delivery and spending focus

Since 2007/08, the department intensified communications aimed at safeguarding South African agriculture and biodiversity. A warning to the public to declare all quarantined items when arriving in South Africa was advertised, and an article on import control was published in various magazines.

5 more sniffer dogs were acquired for the sniffer dog project (Sedupe K9) and 3 officials were trained on sniffer dog handling. Pest disaster management plans were finalised and circulated to relevant role players for comments. To prevent exotic fruit flies from entering South Africa from neighbouring countries, extensive trapping continued in Limpopo.

A national steering committee was established in 2007/08 to deal with contingency planning in case of an outbreak of an invasive new fruit fly (*bactrocera invadens*) in Southern Africa Development Community (SADC) countries.

25 additional scientists were recruited and inducted to the regulatory environment in order to cope with the increase in applications for genetically modified crops and vaccines.

In 2007/08, an outbreak of classical swine fever in Eastern Cape was successfully contained, and surveillance on avian influenza and classical swine fever is ongoing.

Candidates from previously disadvantaged communities in the wine industry were trained in the tasting of certified wine and grape based liquor, and served on the panels of the Wine and Spirit Board for certification and export.

Over the medium term, the programme will focus on strengthening the management and control of biosecurity risks associated with agricultural products to ensure food safety and safeguard human health.

## Expenditure estimates

**Table 23.11 Food Safety and Biosecurity**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	1.8	1.8	0.6	2.0	2.1	2.1	2.2
Plant Health and Inspection Services	69.1	87.4	102.2	153.8	194.8	247.3	277.1
Food and Veterinary Services	192.9	294.0	231.8	315.5	133.9	140.6	148.7
<b>Total</b>	<b>263.7</b>	<b>383.2</b>	<b>334.7</b>	<b>471.2</b>	<b>330.8</b>	<b>390.0</b>	<b>428.0</b>
Change to 2008 Budget estimate				167.1	(15.1)	(2.6)	14.1
<b>Economic classification</b>							
<b>Current payments</b>	<b>220.7</b>	<b>285.7</b>	<b>226.7</b>	<b>274.7</b>	<b>321.1</b>	<b>379.8</b>	<b>417.3</b>
Compensation of employees	131.3	168.6	152.9	192.2	237.0	288.5	323.1
Goods and services	89.1	116.1	73.5	82.4	84.1	91.3	94.2
of which:							
Administrative fees	–	–	–	0.6	0.0	0.0	0.0
Advertising	1.3	1.4	3.4	1.2	1.1	1.7	1.8
Assets less than R5 000	1.3	1.6	1.3	2.6	6.5	8.0	8.0
Bursaries (employees)	0.5	0.5	0.6	0.6	1.0	1.5	1.5
Communication	2.6	2.8	2.7	2.8	3.4	4.3	4.6
Computer services	0.7	0.9	0.5	10.8	16.3	7.6	7.8
Consultants and professional services: Business and advisory services	0.0	0.0	0.0	0.0	2.3	1.5	1.3
Consultants and professional services: Infrastructure and planning	1.4	1.7	1.9	1.8	3.4	6.5	6.8
Consultants and professional services: Laboratory service	–	–	–	0.6	0.6	0.5	0.4
Consultants and professional services: Legal costs	1.1	1.3	0.7	0.1	0.6	0.6	0.6
Contractors	4.2	2.3	2.7	2.4	1.3	1.5	1.7
Agency and support / outsourced services	32.2	29.8	18.0	11.5	12.8	13.2	13.3
Inventory: Food and food supplies	–	0.0	–	0.0	0.4	0.5	0.5
Inventory: Fuel, oil and gas	2.4	2.6	3.6	3.2	2.5	2.8	3.2
Inventory: Materials and supplies	0.6	0.9	0.5	0.3	0.6	0.8	0.8
Inventory: Medical supplies	2.4	3.0	2.2	0.7	0.9	1.1	1.2
Inventory: Other consumables	4.3	5.2	5.4	3.2	2.9	4.3	4.5
Inventory: Stationery and printing	1.8	2.4	3.2	4.7	3.6	4.1	4.6
Lease payments	3.9	4.0	1.6	2.3	2.0	2.3	2.5
Travel and subsistence	24.2	51.4	21.7	19.7	14.2	16.7	18.2
Training and development	1.7	1.8	1.4	1.8	3.4	4.1	4.4
Operating expenditure	1.7	1.8	1.5	6.5	1.5	2.0	2.1
Venues and facilities	0.5	0.6	0.7	4.8	2.6	5.5	3.8
Financial transactions in assets and liabilities	0.3	1.0	0.3	–	–	–	–
<b>Transfers and subsidies</b>	<b>34.2</b>	<b>84.6</b>	<b>97.0</b>	<b>191.9</b>	<b>6.3</b>	<b>6.6</b>	<b>6.9</b>
Provinces and municipalities	0.3	0.1	0.0	–	–	–	–
Departmental agencies and accounts	–	8.0	4.0	–	–	–	–
Public corporations and private enterprises	0.1	0.0	0.0	21.1	–	–	–
Non-profit institutions	–	4.0	3.6	6.7	6.3	6.6	6.9
Households	33.9	72.6	89.4	164.1	–	–	–
<b>Payments for capital assets</b>	<b>8.8</b>	<b>12.9</b>	<b>10.9</b>	<b>4.7</b>	<b>3.4</b>	<b>3.6</b>	<b>3.9</b>
Buildings and other fixed structures	0.5	0.3	–	–	–	–	–
Machinery and equipment	8.2	12.4	10.0	4.2	3.4	3.6	3.9
Biological and cultivated assets	–	–	0.5	0.3	–	–	–
Software and other intangible assets	0.1	0.2	0.4	0.1	–	–	–
<b>Total</b>	<b>263.7</b>	<b>383.2</b>	<b>334.7</b>	<b>471.2</b>	<b>330.8</b>	<b>390.0</b>	<b>428.0</b>



**Table 23.11 Food Safety and Biosecurity (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Current</b>	–	–	–	21.1	–	–	–
Blueilliesbush Dairy Farming	–	–	–	21.1	–	–	–
<b>Non-profit institutions</b>							
<b>Current</b>	–	4.0	3.0	6.0	6.3	6.6	6.9
Deciduous Fruit Producer Trust: Area wide pest control programme	–	4.0	3.0	6.0	6.3	6.6	6.9
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	33.3	59.6	88.4	163.9	–	–	–
Classical swine fever	33.3	59.6	88.4	163.9	–	–	–

## Expenditure trends

Expenditure in the *Food Safety and Biosecurity* programme increased at an average annual rate of 21.3 per cent between 2005/06 and 2008/09, with expenditure projected to decline at an average annual rate of 3.2 per cent over the medium term.

Expenditure peaked at R383.2 million in 2006/07, an increase of 45.3 per cent from R263.7 million in 2005/06, to provide for the classical swine fever and avian influenza combating campaigns. It declined again at 12.7 per cent to R334.7 million in 2007/08. The 40.8 per cent increase in expenditure between 2007/08 and 2008/09 was due to a further allocation of R163.9 million in 2008/09 to conclude the classical swine fever combating campaign.

Overall programme expenditure is expected to decrease at an average annual rate of 3.2 per cent over the medium term.

## Additional tables

**Table 23.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	337.5	349.4	333.9	356.1	12.6	368.6	368.6
2. Production and Resources Management	258.3	243.5	233.2	259.1	294.3	553.4	523.4
3. Agriculture Support Services	1 387.2	2 400.0	2 370.0	1 546.0	(70.7)	1 475.3	1 425.3
4. Trade and Agricultural Development	64.8	54.8	60.9	69.1	0.1	69.2	69.2
5. Food Safety and Biosecurity	237.3	426.3	334.7	304.4	166.8	471.2	433.1
<b>Total</b>	<b>2 285.0</b>	<b>3 474.1</b>	<b>3 332.8</b>	<b>2 534.7</b>	<b>403.1</b>	<b>2 937.7</b>	<b>2 819.6</b>

  

Economic classification							
<b>Current payments</b>	<b>925.2</b>	<b>883.6</b>	<b>869.8</b>	<b>1 021.8</b>	<b>(15.5)</b>	<b>1 006.3</b>	<b>998.2</b>
Compensation of employees	502.5	479.0	448.8	585.8	(35.7)	550.1	542.0
Goods and services	422.6	404.6	420.8	436.0	20.1	456.1	456.1
Financial transactions in assets and liabilities	—	—	0.3	—	—	—	—
<b>Transfers and subsidies</b>	<b>1 308.9</b>	<b>2 524.2</b>	<b>2 418.8</b>	<b>1 473.3</b>	<b>415.6</b>	<b>1 889.0</b>	<b>1 779.0</b>
Provinces and municipalities	462.1	762.1	762.1	584.3	314.1	898.4	868.4
Departmental agencies and accounts	514.0	518.5	522.2	548.6	64.1	612.7	612.7
Universities and technikons	0.2	3.8	3.8	7.6	(1.4)	6.2	6.2
Public corporations and private enterprises	250.0	965.8	1 000.1	299.4	(143.8)	155.6	105.6
Foreign governments and international organisations	30.9	28.9	32.9	26.6	7.2	33.8	33.8
Non-profit institutions	1.0	5.6	5.8	6.4	11.2	17.6	17.6
Households	50.7	239.6	92.0	0.3	164.2	164.5	134.5
<b>Payments for capital assets</b>	<b>51.0</b>	<b>66.2</b>	<b>44.1</b>	<b>39.5</b>	<b>3.0</b>	<b>42.5</b>	<b>42.5</b>
Buildings and other fixed structures	31.2	31.3	5.2	23.1	—	23.1	23.1
Machinery and equipment	18.8	33.4	37.1	15.8	2.5	18.3	18.3
Cultivated assets	—	0.5	0.5	—	0.3	0.3	0.3
Software and intangible assets	1.1	0.9	1.3	0.6	0.2	0.8	0.8
<b>Total</b>	<b>2 285.0</b>	<b>3 474.1</b>	<b>3 332.8</b>	<b>2 534.7</b>	<b>403.1</b>	<b>2 937.7</b>	<b>2 819.6</b>

**Table 23.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	353.7	429.6	443.3	544.4	643.5	719.5	781.4
Unit cost (R million)	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Personnel numbers (head count)	3 399	3 399	3 183	3 255	3 255	3 255	3 255
<b>Part time and temporary contract employees</b>							
Compensation (R million)	1.8	1.9	2.0	2.1	2.2	2.2	2.2
Unit cost (R million)	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Personnel numbers (head count)	18	18	18	61	61	61	61
<b>Interns</b>							
Compensation of interns (R million)	3.2	3.4	3.5	3.7	3.9	3.9	3.9
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	81	81	81	137	137	137	137
<b>Total for department</b>							
Compensation (R million)	358.7	434.8	448.8	550.1	649.6	725.6	787.4
Unit cost (R million)	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Personnel numbers (head count)	3 498	3 498	3 282	3 453	3 453	3 453	3 453

**Table 23.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	358.7	434.8	448.8	550.1	649.6	725.6	787.4
Training expenditure (R million)	10.9	11.2	19.9	29.2	15.2	17.4	19.3
Training as percentage of compensation	3.0%	2.6%	4.4%	5.3%	2.3%	2.4%	2.5%
Total number trained in department (head count)	951	2 305	1 911	2 103			
<i>of which:</i>							
Employees receiving bursaries (head count)	112	140	217	183			
Learnerships trained (head count)	34	35	51	23			
Internships trained (head count)	138	168	165	215			
Households receiving bursaries (R million)	8.3	8.3	7.3	5.0	8.7	9.3	9.8
Households receiving bursaries (head count)	232	247	265	273			

**Table 23.D Summary of conditional grants to provinces and municipalities<sup>1</sup>**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
<b>Conditional grants to provinces</b>							
<b>2. Production and Resources Management</b>							
Ilima / Letsema projects	–	–	–	96.0	50.0	200.0	400.0
Agricultural starter packs	–	–	–	76.0	–	–	–
LandCare programme grant: poverty relief and infrastructure development grant	40.0	55.7	46.7	51.0	51.4	54.5	57.8
<b>3. Agriculture Support Services</b>							
Disaster management	120.0	45.4	300.0	136.8	60.0	–	–
Comprehensive agricultural support programme grant	250.0	300.0	415.0	538.1	715.4	862.4	979.3
<b>Total</b>	<b>410.0</b>	<b>401.1</b>	<b>761.7</b>	<b>898.0</b>	<b>876.8</b>	<b>1 116.9</b>	<b>1 437.1</b>

1. Detail provided in the Division of Revenue Act (2009)

Table 23.E Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign</b>												
<b>In cash</b>												
European Community	South African pesticides initiative programme – portfolio 791	Food Safety and Biosecurity	–	Foreign governments and international organisations	Reduction in pesticide trace elements in fruit intended for export	5 590	8 025	17 673	–	–	–	–
<b>Total</b>			–			<b>5 590</b>	<b>8 025</b>	<b>17 673</b>	–	–	–	–

Table 23.F Summary of expenditure on infrastructure

	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million	Small projects or programmes (costing less than R50 million per year)										
1. New quarantine station, Durban 2. New administrative support building, Stellenbosch PHQS 3. Construction of glass house, Stellenbosch PHQS 4. Rodeplaai: New Laboratory Building 5. Grootfontein Agricultural Development Institute 6. Various repairs and maintenance projects 7. Foot and mouth disease border fence: National 8. Groundwater development 9. Area wide planning: Agricultural infrastructure 10. Purchase of Maize Board building 11. New office accommodation, Stellenbosch	Building	Quarantine station	Design	15.0	–	–	7.9	3.0	12.4	0.5	–
	Building	Additional office building	Construction	14.5	–	–	–	5.0	2.5	–	–
	Construction of glass houses	New glass house at PHQS	New request	5.8	–	–	–	–	0.8	3.0	2.0
	Building	New laboratory	New request	20.0	–	–	–	–	–	10.0	10.0
	Building	New hostel for students	New request	30.6	–	–	–	5.0	–	–	10.6
	Repairs to buildings	Upgraded facilities	New request	23.3	–	13.1	–	10.1	6.8	11.7	4.8
	Elephant control and normal fence	20km elephant fence and 20km normal fence per year	In progress	600.0	25.0	19.7	31.8	18.6	19.0	19.0	19.0
	Boreholes	Sighting and drilling of 100 boreholes per year	In progress	–	15.3	7.1	12.6	13.1	16.0	6.0	6.0
	Farm structures	Area wide project plans	in progress	–	–	–	–	2.6	5.0	5.0	5.0
	Building	Upgraded facilities	Finalised	–	8.4	–	–	–	–	–	–
	Building	Office accommodation	Finalised	–	8.8	3.4	–	–	–	–	–
Total				709.2	57.5	43.3	52.3	57.3	62.5	55.2	57.3



# Vote 24

## Communications

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	152.3	149.4	0.1	2.8	159.9	168.6
ICT International Affairs and Trade	45.6	41.2	3.0	1.4	48.7	51.4
ICT Policy Development	94.2	54.9	37.8	1.4	178.5	188.8
ICT Enterprise Development	1 392.7	18.3	1 373.9	0.5	1 585.7	1 564.7
ICT Infrastructure Development	548.1	87.3	458.5	2.3	255.6	111.1
Presidential National Commission	34.0	32.9	–	1.1	36.0	38.0
<b>Total expenditure estimates</b>	<b>2 266.9</b>	<b>384.1</b>	<b>1 873.3</b>	<b>9.4</b>	<b>2 264.4</b>	<b>2 122.8</b>
Executive authority	Minister of Communications					
Accounting officer	Director-General of Communications					
Website address	www.doc.gov.za					

### Aim

*The aim of the Department of Communications is to develop ICT policies and legislation that create favourable conditions for accelerated and shared sustainable economic growth that positively impact on the wellbeing of all South Africans.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide strategic support to the ministry and overall management of the department.

#### Programme 2: Information and Communication Technology International Affairs and Trade

**Purpose:** Give effect to South Africa's foreign policy on ICT related matters by prioritising Africa's development. Establish a dynamic, effective and mutually beneficial multi-stakeholder partnership in the ICT sector that is reflective of, and responsive to South Africa's policy priorities.

#### Programme 3: Information and Communication Technology Policy Development

**Purpose:** Develop ICT policies and legislation that support the development of an ICT sector that creates conditions for the accelerated and shared growth of the economy. Develop strategies that increase the uptake and usage of ICTs by the majority of the South African population, thus bridging the digital divide.

#### Programme 4: Information and Communication Technology Enterprise Development

**Purpose:** Oversee and manage government's shareholding interests in public entities, in a manner that improves the capacity of the state to deliver on its mandate and support the speedy attainment of national strategic goals and priorities. Ensure, through the use of ICTs, the development and promotion of the small, medium and micro enterprises sector.

## **Programme 5: Information and Communication Technology Infrastructure Development**

**Purpose:** Ensure the development of robust, reliable, secure and affordable ICT infrastructure that supports and enables the provision of a multiplicity of applications and services to meet the diverse needs of the broader South African population.

## **Programme 6: Presidential National Commission**

**Purpose:** Provide timely and informed advice to the Presidency on all matters related to the development of an inclusive information society. Facilitate the development of an integrated information society in South Africa by promoting the realisation of the country's information society vision.

## **Strategic overview: 2005/06 – 2011/12**

The Department of Communications develops and implements policy interventions that create an enabling ICT environment. This should help government advance its development agenda, with the objective of making South Africa a global leader in harnessing ICT for socioeconomic development. In support of this aim, the department has identified five key strategic goals:

- contribute to creating favourable conditions for an accelerated and shared growth of the South African economy through the development and implementation of ICT policies and strategies that positively impact on the wellbeing of all South Africans
- ensure that ICT infrastructure is robust, reliable, affordable and secure to meet the needs of the country and its people
- accelerate the socioeconomic development of South African society by increasing access to, as well as the uptake and use of, ICT through partnerships with business, civil society and the three spheres of government
- improve the capacity of state owned ICT enterprises as the delivery arms of government
- contribute to building an inclusive information society globally by prioritising Africa's development.

### **Strategic policy and regulatory interventions**

#### *Change in ICT sector facilitated by Electronic Communications Act (2005)*

The department has facilitated the completion of a number of strategic interventions in the ICT sector since 2005/06. The promulgation of the Electronic Communications Act in 2005 creates a legal framework for change in the ICT sector. The act provides for the convergence of the ICT sector and the removal of barriers to entry for new players, thus increasing competition, reducing the cost to communicate, enabling technology neutral licensing, and informing managed liberalisation. As a critical milestone in the implementation of the act, the Independent Communications Authority of South Africa completed the conversion of existing telecommunications and broadcasting licences to new electronic communications network services or electronic communications service type licences in January 2009.

#### *Local loop unbundling*

The policy directive on local loop unbundling was issued by the Minister of Communications in 2007. The local loop is the final connection between homes and businesses and their relevant telecommunications exchanges. This network infrastructure is currently owned by Telkom. Local loop unbundling refers to the process of opening up access to the network to other service providers to promote competition and increase innovation within the sector. Due to the current technological changes in the industry, research is being undertaken to find the optimal way of implementing the local loop unbundling directive in line with chapter 10 of the Electronic Communications Act (2005).

#### *Broadcasting digital migration policy*

The broadcasting digital migration policy was approved by Cabinet in August 2008. This policy guides the country in migrating from analogue to digital broadcasting, thus ensuring the efficient use of frequency



spectrum. The policy has informed the development of a draft set-top-box manufacturing sector development strategy. This manufacturing strategy outlines the country's vision for building the domestic capacity to manufacture set-top-boxes including discussing how, when and where manufacturing will take place and what incentives will be provided to households. The strategy will be finalised in the first half of 2009 after extensive consultation with relevant stakeholders.

#### *Accelerated rollout of broadband*

Increasing access to broadband is critical to sustainable socioeconomic development. A draft municipal and provincial broadband policy was developed in 2008, following consultation with provinces, some metropolitan municipalities and a number of local municipalities. This policy creates an enabling environment that will intensify broadband rollout and provide affordable and accessible broadband to all citizens.

#### *Radio frequency spectrum policy*

The radio frequency spectrum supports essential communication services such as mobile, wireless, satellite communications, broadcasting, radiolocation, radio navigation, defence and other safety and security applications. The radio frequency spectrum use policy was developed in November 2008 and is aimed at providing the Independent Communications Authority of South Africa with appropriate guidelines for conducting annual reviews of the national radio frequency plan. The main aim of these reviews is to promote the rational, economical, efficient and effective use of the radio frequency spectrum by keeping pace with the rapid evolution of new technologies and services within the framework of the broader sector.

#### *Information society and development plan*

As part of the implementation of the information society and development plan, the department has developed a medium to long term information society and development cluster work programme, linking the medium term strategic framework with the World Summit on Information Society targets for 2015.

#### **Infrastructure related developments**

The technical specifications for ICT infrastructure during the 2010 FIFA World Cup have been finalised and signed off between the Department of Communications, FIFA and the FIFA local organising committee. Telkom and Sentech have also completed their design and implementation plans for the infrastructure. Service provider contracts have been concluded with Sentech and Telkom, and the implementation of both the satellite and fixed network connectivity is on track.

Extensive work has already been done nationally and in partnership with other governments on the continent to provide access to broadband connectivity in line with the objectives of the New Partnership for Africa's Development (NEPAD). This work has culminated in the adoption of the protocol on the policy and regulatory framework for the NEPAD ICT broadband infrastructure network for Eastern and Southern Africa (the Kigali Protocol).

#### **Focus over the medium term**

Over the medium term, the department will:

- ensure that 2010 ICT guarantees are met within the prescribed timeframes
- implement the information society and development plan, at national and provincial levels, starting with the establishment of information society hubs around the Dinaledi schools precinct using available resources
- facilitate the construction of a submarine cable, covering the east and west coast of Africa. The Uhurunet cable will expand access continental and international broadband connectivity in line with NEPAD objectives and principles
- develop a cyber security framework and establish the computer security incident response team
- prioritise work on functional literacy, e-skills development, self employment focusing on small, medium and micro-enterprises and cooperatives, broad based black economic empowerment (BEE) and youth development
- finalise the municipal and provincial broadband policy by March 2010

- issue policy directives to the South African Post Office on the rollout of postal addresses to prioritised areas
- table the Post Bank Bill, which will serve as enabling legislation for facilitating the corporatisation of the Post Bank.

## Selected performance and operations indicators

**Table 24.1 Communications**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Total number of PC broadband subscribers in South Africa <sup>1</sup>	ICT Policy Development	160 001	366 415	780 594	1.5 million (estimated)	2 million	3 million	4 million
Number of broadband subscribers per 100 people <sup>1</sup>	ICT Policy Development	–	–	–	1.7	3	5	8
Number of stadiums for 2009 FIFA Confederations Cup and 2010 FIFA World Cup linked to Telkom core network	ICT Infrastructure Development	–	–	–	–	4	10	–
Percentage readiness for service of the NEPAD submarine cable project	ICT International Affairs and Trade	–	–	–	25%	50%	75%	100%
Total number of community radio stations provided with broadcasting infrastructure	ICT Policy Development	–	–	45	35	45	50	60
Number of women in the construction sector listed on the e-commerce construction web portal each year	ICT Enterprise Development	–	–	–	–	900	900	1200
Number of ICT position papers developed for international engagement each year	ICT International Affairs and Trade	–	–	–	8	5	5	5
Number of young people who participated in the national youth information society and development programme each year	Presidential National Commission	–	–	830	2 120	2 500	2 500	2 500
Number of e-cooperatives established (to increase entry of youth owned small enterprises into the ICT sector) each year	Presidential National Commission	–	–	46	96	100	100	100

1. The department's 2008 study to benchmark South Africa with comparator countries (Brazil, Chile, India, Malaysia and South Korea) is being used to develop a programme of action to improve quality, availability, usage and cost of communication, which will be finalised in 2009. A consultative process will lead to detailed indicators and targets for the next MTEF period, and the targets given here are likely to be amended in line with this.

## Expenditure estimates

**Table 24.2 Communications**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08			2009/10	2010/11	2011/12
R million								
1. Administration	122.4	160.9	143.5	146.8	135.8	152.3	159.9	168.6
2. ICT International Affairs and Trade	41.7	39.6	37.4	41.2	54.2	45.6	48.7	51.4
3. ICT Policy Development	74.2	77.3	60.6	77.0	77.0	94.2	178.5	188.8
4. ICT Enterprise Development	705.4	960.8	1 573.9	1 329.4	1 327.4	1 392.7	1 585.7	1 564.7
5. ICT Infrastructure Development	68.3	57.6	69.1	690.5	690.5	548.1	255.6	111.1
6. Presidential National Commission	22.4	23.3	27.3	46.6	46.6	34.0	36.0	38.0
<b>Total</b>	<b>1 034.4</b>	<b>1 319.6</b>	<b>1 911.8</b>	<b>2 331.5</b>	<b>2 331.5</b>	<b>2 266.9</b>	<b>2 264.4</b>	<b>2 122.8</b>
Change to 2008 Budget estimate				607.9	607.9	560.2	490.5	401.4

Table 24.2 Communications (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>268.4</b>	<b>304.6</b>	<b>311.0</b>	<b>373.8</b>	<b>373.8</b>	<b>384.1</b>	<b>410.2</b>	<b>432.3</b>
Compensation of employees	88.4	99.0	97.7	127.9	127.9	148.2	155.3	163.3
Goods and services	179.9	197.2	213.2	245.9	245.9	235.9	254.9	269.0
<i>of which:</i>								
Administrative fees	0.3	1.1	1.1	32.8	32.8	2.2	2.3	2.4
Advertising	4.5	7.7	10.6	16.5	16.5	18.4	19.4	20.3
Assets less than R5 000	1.2	2.1	2.9	3.0	3.0	3.3	3.5	3.7
Audit costs: External	–	–	2.1	1.8	1.8	1.9	2.0	2.6
Bursaries (employees)	0.2	0.2	0.3	0.8	0.8	1.0	1.0	1.1
Catering: Departmental activities	0.9	0.8	2.5	3.4	3.4	4.6	4.9	5.1
Communication	6.7	6.8	6.9	6.9	6.9	8.6	10.7	10.9
Computer services	1.2	4.1	10.7	2.6	2.6	2.8	3.3	3.6
Consultants and professional services: Business and advisory service	20.5	11.8	18.7	73.4	73.4	48.3	43.5	34.7
Consultants and professional services: Legal costs	0.9	0.7	0.9	0.3	0.3	0.5	0.6	0.6
Contractors	21.9	10.2	17.5	12.6	12.6	13.4	15.4	15.6
Agency and support / outsourced services	22.3	21.3	15.3	3.0	3.0	13.6	15.9	16.9
Entertainment	0.3	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Inventory: Other consumables	0.0	0.0	6.9	0.1	0.1	0.1	0.1	0.1
Inventory: Stationery and printing	3.5	5.6	5.2	3.7	3.7	5.4	5.8	6.3
Lease payments	13.2	19.8	38.3	15.8	15.8	18.3	20.3	23.6
Owned and leasehold property expenditure	1.9	2.2	7.7	11.9	11.9	12.1	13.7	14.7
Travel and subsistence	26.7	29.7	35.5	23.6	23.6	30.5	32.8	34.3
Training and development	13.9	16.1	3.7	3.8	3.8	4.5	4.7	4.9
Operating expenditure	29.9	49.4	13.3	6.7	6.7	19.6	26.3	37.8
Venues and facilities	9.8	7.3	12.7	22.8	22.8	26.4	28.7	29.5
Financial transactions in assets and liabilities	0.1	8.4	0.1	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>754.6</b>	<b>1 006.5</b>	<b>1 592.3</b>	<b>1 949.5</b>	<b>1 949.5</b>	<b>1 873.3</b>	<b>1 843.8</b>	<b>1 679.6</b>
Provinces and municipalities	0.3	0.1	0.1	–	–	–	–	–
Departmental agencies and accounts	224.1	277.5	324.6	345.0	345.0	377.2	625.9	714.6
Universities and technikons	0.1	–	–	–	–	–	–	–
Public corporations and private enterprises	529.0	724.9	1 264.4	1 601.4	1 601.4	1 493.1	1 214.5	961.2
Foreign governments and international organisations	–	1.4	1.2	0.7	0.7	–	–	–
Non-profit institutions	0.1	2.1	2.0	2.5	2.5	3.0	3.5	3.7
Households	1.0	0.5	0.1	–	–	–	–	–
<b>Payments for capital assets</b>	<b>11.5</b>	<b>8.5</b>	<b>8.5</b>	<b>8.2</b>	<b>8.2</b>	<b>9.4</b>	<b>10.3</b>	<b>11.0</b>
Machinery and equipment	8.8	8.3	8.2	8.2	8.2	9.4	10.3	11.0
Software and other intangible assets	2.6	0.2	0.3	–	–	–	–	–
<b>Total</b>	<b>1 034.4</b>	<b>1 319.6</b>	<b>1 911.8</b>	<b>2 331.5</b>	<b>2 331.5</b>	<b>2 266.9</b>	<b>2 264.4</b>	<b>2 122.8</b>

## Expenditure trends

Expenditure increased from R1 billion in 2005/06 to R2.3 billion in 2008/09, at an average annual rate of 31.1 per cent, driven by the transfer payments to the public entities. Transfers to public corporations increase from R529 million to R1.6 billion between 2005/06 and 2008/09, rising at an average annual rate of 44.7 per cent. This increase is driven by: the additional allocation of R500 million to Sentech for the national wireless broadband network in 2007/08 and an additional R600 million in 2008/09 for the last mile access network between 2010 FIFA World Cup stadiums and the Telkom national network.

Compensation of employees increases from R88.4 million in 2005/06 to R127.9 million in 2008/09 due to the filling of vacant positions in the department and the consolidation of the organisational structure to support the implementation of the Electronic Communications Act (2005) and the information society and development plan. Over the same period, the increase in expenditure on goods and services rises from R179.9 million to R245.9 million at an average annual rate of 11 per cent, driven mainly by additional expenditure incurred in 2008/09 for: consultants for the implementation of the information society and development plan; additional expenditure on goods and services to implement the third apex priority project, which is aimed at speeding up ICT interventions; the development of an electronic document management system for the department; and technical services for ICT development in small, medium and micro enterprises (SMMEs).

Abnormal expenditure of R38.3 million on lease payments in 2007/08 includes an amount of R16 million refunded to the Department of Public Works for an incorrect allocation of property management funds to the Department of Communications.

Furthermore, funds amounting to R11 million were shifted from the *Administration* programme to the *ICT International Affairs and Trade* programme in 2008/09 to fund the hosting of the world telecommunication standardisation assembly in October 2008.

Over the medium term, expenditure decreases from R2.3 billion in 2008/09 to R2.1 billion in 2011/12, at a negative average annual rate of 3.1 per cent, mostly driven by the changes in the composition of transfers and subsidies. As the implementation of ICT infrastructure for the 2010 FIFA World Cup nears completion, allocations for this project are expected to decrease to R450 million in 2009/10 and to R150 million in 2010/11 in the *ICT Infrastructure Development* programme. Nonetheless, over the MTEF period, transfers to departmental agencies and accounts increase from R377.2 million to R714.6 million, comprising, among others:

- additional allocations of R105 million (R10 million in 2009/10, R40 million in 2010/11, R55 million in 2011/12) to the Universal Service and Access Agency of South Africa
- R400 million (R180 million in 2010/11 and R220 million in 2011/2012) to the Universal Service and Access Fund for the subsidisation of set-top-boxes.

## **Savings and reprioritisation**

In aggregate, over the medium term, savings of R13.6 million, R14.3 million and R17.8 million have been identified under goods and services expenditure.

## **Infrastructure spending**

The department's expenditure on infrastructure is limited to its transfers to public entities, which undertake infrastructure development.

### *Mega projects*

In 2007/08, R500 million was allocated to Sentech for the national wireless broadband network. R450 million has been allocated in 2009/10 and R150 million in 2010/11 for ICT infrastructure related projects for the 2010 FIFA World Cup.

### *Large projects*

Sentech is allocated R160 million, R161 million and R159 million over the MTEF period for the digitisation of the signal distribution infrastructure. A further R100 million for 2009/10 has been allocated to Sentech to fund the infrastructure related projects for the 2010 FIFA World Cup.

### *Small projects*

R55 million has been allocated to the Universal Service and Access Agency and the Universal Service and Access Fund to build capacity and procure the necessary supporting infrastructure to expand ICT access to South Africans in the under serviced areas. R30 million was allocated to the Independent Communications Authority of South Africa to strengthen its monitoring capability and procure any capital equipment required.

## Departmental receipts

Total departmental receipts increased from R2.1 billion in 2005/06 to R3.2 billion in 2008/09. Most of the receipts under goods and services relate to administration fees collected by the Independent Communications Authority of South Africa from telecommunications operators and the South African Post Office licence fees which are paid directly into the National Revenue Fund. Dividends from the shareholding interests in Telkom SA Ltd amounted to R2.2 billion, which represents the sum of ordinary and special dividends declared in 2007/08. Receipts are expected to stabilise over the MTEF period.

**Table 24.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>2 143 642</b>	<b>2 613 835</b>	<b>3 007 442</b>	<b>3 218 929</b>	<b>3 218 929</b>	<b>3 311 237</b>	<b>3 408 474</b>	<b>3 510 535</b>
Sales of goods and services produced by department	1 311 952	1 568 047	1 760 132	1 848 139	1 848 139	1 940 545	2 037 572	2 139 450
Sales of scrap, waste, arms and other used current goods	2	51	62	–	–	–	–	–
Transfers received	110	360	942	–	–	–	–	–
Fines, penalties and forfeits	–	962	–	–	–	–	–	–
Interest, dividends and rent on land	830 977	1 038 619	1 245 453	1 369 840	1 369 840	1 370 006	1 370 181	1 370 364
Sales of capital assets	20	20	5	296	296	–	–	–
Financial transactions in assets and liabilities	581	5 776	848	654	654	686	721	721
<b>Extraordinary receipts</b>	<b>1 035 240</b>	<b>828 190</b>	<b>1 035 238</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Special dividends: Telkom	1 035 240	828 190	1 035 238	–	–	–	–	–
<b>Total</b>	<b>3 178 882</b>	<b>3 442 025</b>	<b>4 042 680</b>	<b>3 218 929</b>	<b>3 218 929</b>	<b>3 311 237</b>	<b>3 408 474</b>	<b>3 510 535</b>

## Programme 1: Administration

### Expenditure estimates

**Table 24.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	0.9	1.0	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.6	0.7	0.7	1.3	1.4	1.5	1.6
Management	29.9	32.2	30.5	39.0	41.6	43.7	45.3
Operations	86.6	110.6	106.5	99.2	101.3	106.0	112.4
Property Management	4.4	16.6	4.9	5.7	6.3	6.9	7.4
<b>Total</b>	<b>122.4</b>	<b>160.9</b>	<b>143.5</b>	<b>146.8</b>	<b>152.3</b>	<b>159.9</b>	<b>168.6</b>
Change to 2008 Budget estimate				–	(3.2)	(3.4)	(4.6)

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

**Table 24.4 Administration (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>113.4</b>	<b>153.3</b>	<b>137.4</b>	<b>144.2</b>	<b>149.4</b>	<b>156.8</b>	<b>165.2</b>
Compensation of employees	41.4	47.9	49.0	54.9	63.0	65.9	69.3
Goods and services	71.9	105.3	88.4	89.3	86.4	91.0	95.9
of which:							
Administrative fees	0.1	0.3	0.5	0.3	0.4	0.4	0.4
Advertising	2.4	5.6	7.7	13.8	14.7	15.4	16.1
Assets less than R5 000	0.9	0.9	2.0	1.5	1.6	1.6	1.7
Audit costs: External	–	–	2.1	0.3	0.3	0.4	0.4
Catering: Departmental activities	0.5	0.5	1.1	2.9	3.0	3.2	3.3
Communication	2.5	2.5	3.0	3.6	3.6	3.6	3.6
Computer services	0.9	2.9	9.8	2.1	2.2	2.5	2.8
Consultants and professional services: Business and advisory services	4.0	0.1	2.0	8.1	5.6	5.4	4.3
Consultants and professional services: Legal costs	0.9	0.7	0.9	–	–	–	–
Contractors	5.5	4.4	6.1	8.6	8.5	9.1	9.0
Agency and support / outsourced services	0.8	0.6	0.5	2.5	2.6	2.8	2.9
Inventory: Other consumables	0.0	0.0	6.8	0.0	0.0	0.0	0.0
Inventory: Stationery and printing	2.0	2.9	2.9	2.8	2.9	3.1	3.2
Lease payments	6.0	17.8	20.3	12.6	13.3	14.0	16.6
Owned and leasehold property expenditure	0.5	0.7	6.6	11.0	11.0	12.0	12.6
Travel and subsistence	8.1	8.0	9.1	9.3	7.4	7.5	7.8
Training and development	11.3	14.8	1.7	2.2	2.4	2.5	2.6
Operating expenditure	22.6	40.0	2.1	0.4	0.9	1.9	3.1
Venues and facilities	2.6	2.5	2.6	6.7	5.5	5.3	4.9
Financial transactions in assets and liabilities	0.1	0.1	0.1	–	–	–	–
<b>Transfers and subsidies</b>	<b>1.3</b>	<b>0.5</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>
Provinces and municipalities	0.2	0.0	0.1	–	–	–	–
Departmental agencies and accounts	–	–	0.1	0.1	0.1	0.1	0.2
Universities and technikons	0.1	–	–	–	–	–	–
Non-profit institutions	0.1	–	0.0	–	–	–	–
Households	1.0	0.5	0.1	–	–	–	–
<b>Payments for capital assets</b>	<b>7.7</b>	<b>7.1</b>	<b>5.7</b>	<b>2.5</b>	<b>2.8</b>	<b>3.0</b>	<b>3.2</b>
Machinery and equipment	7.4	7.0	5.5	2.5	2.8	3.0	3.2
Software and other intangible assets	0.3	0.1	0.3	–	–	–	–
<b>Total</b>	<b>122.4</b>	<b>160.9</b>	<b>143.5</b>	<b>146.8</b>	<b>152.3</b>	<b>159.9</b>	<b>168.6</b>

## Expenditure trends

Expenditure increased from R122.4 million in 2005/06 to R146.8 million in 2008/09, at an average annual rate of 6.2 per cent. Expenditure rises steadily over the medium term to R168.6 million in 2011/12, at an average annual rate of 4.7 per cent. Expenditure on compensation of employees is expected to rise from R54.9 million in 2008/09 to R69.3 million in 2011/2012 at an average annual rate of 8.1 per cent due to the restructuring of the department.

The decrease between 2006/07 and 2007/08 from R160.9 million to R143.5 million is due to the incorrect allocation of an additional R18 million towards property management by the Department of Public Works and the completion of the refurbishment of the department's offices.



The 31.2 per cent decrease between 2005/06 and 2008/09 on capital payments is due to the reallocation of funds relating to the IT unit, which was moved from the *Administration* programme to the *ICT Infrastructure Development* programme.

## Programme 2: ICT International Affairs and Trade

- *International Affairs* coordinates the functions and responsibilities of the department to meet South Africa's international ICT obligations. Funding is for membership fees to international ICT organisations, and participation in multilateral forums.
- *ICT Trade/Partnerships* develops and advances South African interests in international trade forums through participation in World Trade Organisation ICT related initiatives and other international trade agreements. The subprogramme also promotes the interests of the South African ICT sector and developing countries through these forums. Funding is mainly used for compensation of employees, and related expenditure on goods and services.

### Objectives and measures

- Support economic development and promote an inclusive information society by implementing a stepped India-Brazil-South-Africa information society plan with specific action plans by March 2010.
- Strengthen the African Agenda in the ICT sector by:
  - facilitating and coordinating the 6 planning meetings for the Uhurunet undersea cable by 2009/10
  - rolling out the NEPAD e-schools business plan in 2009/10.
- Promote development in Africa through African multilateral and bilateral ICT programmes by facilitating the signing of 4 memorandums of understanding by 2009/10.

### Service delivery and spending focus

South Africa is one of the signatories to the protocol on the policy and regulatory framework for the NEPAD ICT broadband infrastructure network for Eastern and Southern Africa, which came into effect in February 2008. A ministerial meeting of the signatory countries was held in October 2007, and an agreement was reached on the construction of an international submarine cable (Uhurunet) that will encircle the African continent, as well as a terrestrial cable (Umojanet) that will interconnect all African countries.

Since April 2008, the interim management of Baharicom, the company that will own Uhurunet, the NEPAD e-Africa Commission and the Department of Communications have had separate meetings with various parties to secure their financial commitment and joint collaboration. It is expected that a supply contract will be ready in early 2009. Over the medium term, the department will prioritise activities, such as coordination meetings and multilateral engagements aimed at facilitating the development and construction of the Uhurunet cable, as part of its efforts to expand broadband connectivity and usage.

South Africa also chaired the African support committee for the 2008 Universal Postal Union congress and was elected to the Postal Operations Council of the union. In October 2008, South Africa hosted the world telecommunications standardisation assembly.

South Africa continues to participate in the NEPAD e-schools demonstration project, which pilots the use of ICTs within the education sector to improve teaching methods and prepare students for participation in an inclusive information society. 6 schools are currently participating in the e-schools demonstration project. In addition, South Africa hosted the 2008 NEPAD e-schools conference in Johannesburg, where 7 resolutions aimed at the rollout of the business plan were adopted. Over the medium term, the department will extend the rollout of the NEPAD e-schools, and the number of schools to be connected will be determined with the Department of Education, based on the available budget.



## Expenditure estimates

**Table 24.5 ICT International Affairs and Trade**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
International Affairs	19.5	27.1	30.9	22.2	24.4	26.1	27.1
ICT Trade/Partnerships	6.4	4.2	6.4	19.0	21.2	22.6	24.3
Postal Regulator	15.8	8.3	0.1	–	–	–	–
<b>Total</b>	<b>41.7</b>	<b>39.6</b>	<b>37.4</b>	<b>41.2</b>	<b>45.6</b>	<b>48.7</b>	<b>51.4</b>
Change to 2008 Budget estimate				–	(1.3)	(1.2)	(1.5)

### Economic classification

<b>Current payments</b>	<b>41.4</b>	<b>35.9</b>	<b>34.2</b>	<b>37.1</b>	<b>41.2</b>	<b>43.7</b>	<b>46.1</b>
Compensation of employees	12.0	13.0	8.6	12.4	14.3	15.1	15.7
Goods and services	29.3	23.0	25.6	24.7	26.9	28.6	30.4
of which:							
Advertising	1.0	1.1	0.4	0.7	0.7	0.7	0.8
Communication	0.9	1.0	1.1	0.8	0.8	0.9	0.9
Consultants and professional services: Business and advisory services	7.8	3.3	1.7	8.1	7.5	7.3	6.2
Contractors	2.8	0.6	0.6	0.1	0.1	0.1	0.1
Agency and support / outsourced services	0.8	0.9	0.1	0.1	0.1	0.1	0.2
Inventory: Stationery and printing	0.6	1.6	0.3	0.3	0.3	0.4	0.4
Lease payments	2.2	0.4	0.4	0.6	0.6	0.6	0.7
Travel and subsistence	7.3	8.4	4.7	5.6	5.7	6.0	6.3
Training and development	0.3	0.5	0.3	0.2	0.2	0.2	0.2
Operating expenditure	0.4	2.9	9.1	6.0	9.1	10.2	12.3
Venues and facilities	4.6	1.5	6.6	1.6	1.0	1.3	1.5
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>3.5</b>	<b>3.2</b>	<b>3.2</b>	<b>3.0</b>	<b>3.5</b>	<b>3.7</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Foreign governments and international organisations	–	1.4	1.2	0.7	–	–	–
Non-profit institutions	–	2.0	2.0	2.5	3.0	3.5	3.7
Households	–	0.0	0.0	–	–	–	–
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>0.9</b>	<b>1.4</b>	<b>1.5</b>	<b>1.6</b>
Machinery and equipment	0.3	0.2	0.1	0.9	1.4	1.5	1.6
<b>Total</b>	<b>41.7</b>	<b>39.6</b>	<b>37.4</b>	<b>41.2</b>	<b>45.6</b>	<b>48.7</b>	<b>51.4</b>

### Details of selected transfers and subsidies

<b>Foreign governments and international organisations</b>							
<b>Current</b>	–	1.4	1.2	0.7	–	–	–
International Telecommunications Union	–	1.4	1.2	0.7	–	–	–
<b>Non-profit institutions</b>							
<b>Current</b>	–	2.0	2.0	2.5	3.0	3.5	3.7
New Partnership for Africa's Development e-Africa Commission	–	2.0	2.0	2.5	3.0	3.5	3.7

## Expenditure trends

Expenditure decreased from R41.7 million in 2005/06 to R41.2 million in 2008/09, at a negative average annual rate of 0.3 per cent, due to the gradual transfer of the Postal Regulator along with its staff and associated operating expenses to the Independent Communications Authority of South Africa. It is set to increase steadily over the medium term from R41.2 million in 2008/09 to R51.4 million in 2011/12 at an average annual rate of 7.6 per cent

Transfers and subsidies increase from R41 000 in 2005/06 to R3.2 million in 2008/09 due to transfers for NEPAD to fund its ICT initiatives and to the International Telecommunication Union in line with the memorandum of understanding.

The 43.8 per cent increase between 2005/06 and 2008/09 in the *ICT Trade /Partnership* subprogramme is due to additional allocations for the expansion of the ICT trade partnership unit. The 50.8 per cent growth in capital

assets over the same period was due to expenditure on equipment for the expansion of the ICT trade partnership unit.

### Programme 3: ICT Policy Development

- *ICT Policy Development* drafts legislation, regulations, policy and guidelines that govern the broadcasting, telecommunications, postal and IT sectors, thus ensuring broad based economic development within the ICT sector. Funding is used for compensation of employees and operational expenses.
- *Economic Analysis, Market Modelling and Research* is responsible for economic analysis of the broadcasting, telecommunications, postal and IT sectors to determine trends and make growth projections. The subprogramme also undertakes market research to explore areas which require policy intervention. Funding is used for compensation of employees, and related expenditure in goods and services.
- *ICT Uptake and Usage* ensures that the ICT industry adheres to and implements policy and legislation, and undertakes research to determine the extent to which policies are being implemented in the broadcasting, telecommunications, postal and IT sectors.
- *Intergovernmental Relations* builds, restores and fosters relationships within the three spheres of government.
- *South African Broadcasting Corporation: Community Radio Stations* focuses on extending signal distribution to reach all communities and extending community multimedia services at selected nodal points.
- *South African Broadcasting Corporation: Programme Production* makes transfers to the South African Broadcasting Corporation and other entities for producing programmes with local content on issues relating to youth, women, children, the disabled, and HIV and AIDS, for commercial and community radio stations.

### Objectives and measures

- Contribute to the reduction of the cost of communications by developing policies and implementing the programme of action aimed to achieve 25 per cent improvement in the cost, quality, availability and usage of ICTs by March 2010.
- Broaden participation in the economy and increase universal service and access by ensuring that 50 per cent of South African homes have individual postal addresses by March 2010.
- Improve access to and modernise broadcasting services in South Africa by facilitating the implementation of the broadcasting digital migration policy to ensure a smooth transition from analogue to digital broadcasting by November 2011.
- Contribute to the development of a competitive electronics manufacturing industry by participating in finalising the set-top-box manufacturing strategy, which aims to ensure that the set-top-boxes are locally manufactured, by March 2009.

### Service delivery and spending focus

The digital broadcasting signal was switched on in November 2008 and the analogue broadcasting signal will be switched off in November 2011. During 2008, Cabinet approved the broadcasting digital migration policy, which among others informs the retention of sufficient spectrum for the provision of public channels to cater for education, health, government services, regional television, sports, SMMEs and young people.

Cabinet agreed that, in addition to receiving the digital signal, the set-top-boxes will be designed to enable the delivery of e-government services directly to the South African public. In 2008, Cabinet also approved a scheme for ownership support of the set-top-boxes for poor households. The department has successfully established an office to manage the implementation of the broadcasting digital migration policy, known as the Digital DZonga. Over the medium term, the department will continue to implement initiatives in support of broadcasting digital migration. Over the medium term, this programme will focus on rolling out the broadcasting digital migration policy and associated activities, including the implementation of the set-top-box manufacturing strategy.

The ICT skills development strategy was finalised in 2008. The South African e-Skills Council, a body that advises the Presidency on the shortage of ICT skills, tabled a report outlining the ICT skills gap based on a supply and demand analysis.

## Expenditure estimates

**Table 24.6 ICT Policy Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
ICT Policy Development	24.7	31.0	35.9	28.6	34.2	36.1	38.0
Economic Analysis, Market Modelling and Research	2.6	1.6	1.0	6.1	6.4	6.9	7.3
ICT Uptake and Usage	0.2	0.3	2.5	6.7	6.7	7.4	7.8
Intergovernmental Relations	5.5	5.9	5.7	8.6	9.1	9.6	10.1
South African Broadcasting Corporation: Community Radio Stations	10.3	10.7	–	12.1	12.8	13.6	14.4
South African Broadcasting Corporation: Programme Production	31.0	27.8	15.5	15.0	25.0	105.0	111.3
<b>Total</b>	<b>74.2</b>	<b>77.3</b>	<b>60.6</b>	<b>77.0</b>	<b>94.2</b>	<b>178.5</b>	<b>188.8</b>
Change to 2008 Budget estimate				(15.0)	(1.5)	(1.6)	(2.1)

### Economic classification

<b>Current payments</b>	<b>32.6</b>	<b>38.3</b>	<b>43.5</b>	<b>48.6</b>	<b>54.9</b>	<b>58.4</b>	<b>61.5</b>
Compensation of employees	9.1	10.7	12.2	17.8	20.6	21.6	22.5
Goods and services	23.6	19.2	31.3	30.8	34.4	36.7	39.0
<i>of which:</i>							
Administrative fees	0.0	0.0	0.0	30.8	0.0	0.0	0.0
Advertising	0.9	0.5	1.1	–	0.9	1.0	1.0
Catering: Departmental activities	0.1	0.1	0.1	–	1.0	1.1	1.1
Communication	2.4	2.4	1.1	–	1.8	1.9	1.9
Consultants and professional services: Business and advisory services	2.8	4.1	5.5	–	7.6	7.4	5.9
Contractors	3.5	0.3	0.0	–	0.7	0.7	0.7
Inventory: Stationery and printing	0.3	0.3	0.6	–	1.5	1.6	1.9
Lease payments	1.8	0.1	15.3	–	1.7	1.8	1.8
Travel and subsistence	3.5	4.3	4.6	–	8.3	8.7	9.1
Training and development	0.2	0.1	0.2	–	0.5	0.5	0.5
Operating expenditure	6.6	6.2	1.8	–	4.8	6.0	8.6
Venues and facilities	1.0	0.3	0.6	–	4.9	5.4	5.6
Financial transactions in assets and liabilities	–	8.4	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>41.3</b>	<b>38.7</b>	<b>15.5</b>	<b>27.1</b>	<b>37.8</b>	<b>118.6</b>	<b>125.7</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Public corporations and private enterprises	41.3	38.5	15.5	27.1	37.8	118.6	125.7
Non-profit institutions	–	0.1	–	–	–	–	–
Households	0.0	0.0	0.0	–	–	–	–
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.3</b>	<b>1.6</b>	<b>1.3</b>	<b>1.4</b>	<b>1.6</b>	<b>1.7</b>
Machinery and equipment	0.3	0.3	1.6	1.3	1.4	1.6	1.7
<b>Total</b>	<b>74.2</b>	<b>77.3</b>	<b>60.6</b>	<b>77.0</b>	<b>94.2</b>	<b>178.5</b>	<b>188.8</b>

### Details of selected transfers and subsidies

<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>41.3</b>	<b>38.5</b>	<b>15.5</b>	<b>27.1</b>	<b>37.8</b>	<b>118.6</b>	<b>125.7</b>
South African Broadcasting Corporation: Community radio stations	10.3	10.7	–	12.1	12.8	13.6	14.4
South African Broadcasting Corporation: Programme production	31.0	27.8	15.5	15.0	25.0	105.0	111.3

## Expenditure trends

Expenditure increased from R74.2 million in 2005/06 to R77 million in 2008/09 at an average annual rate of 1.2 per cent. However, this growth rate masks a number of significant changes that occur within this programme. Expenditure on the *ICT Uptake and Usage* and the *Economic Analysis, Market Modelling and Research* subprogrammes increases at an average annual growth rate of 32.5 per cent and 234.9 per cent, driven by the filling of vacant posts and associated operational costs.

Expenditure on the *South African Broadcasting Corporation: Community Radio Stations* subprogramme is nil in 2007/08 because an amount of R2.7 million was shifted and a virement of R4.9 million was made. The remaining amount of R3.7 million was surrendered to the National Revenue Fund. Compensation of employees increases from R9.1 million in 2005/06 to R17.8 million in 2008/09 at an average annual rate of 25.2 per cent due to more posts being filled.

Expenditure rises more rapidly over the medium term from R77 million in 2008/09 to R188.8 million in 2011/12 at an average annual rate of 34.9 per cent. This is mainly due to the additional allocation of R70 million to the *South African Broadcasting Corporation: Programme Production* subprogramme, which grows at an average annual rate of 95 per cent over the MTEF period. The shifting of the intergovernmental relations unit from the *ICT International Affairs and Trade* programme increases expenditure within the overall programme from 2008/09 onwards.

## Programme 4: ICT Enterprise Development

- *Public Entity Oversight* oversees state owned enterprises to improve government's capacity to deliver on its mandate, and effectively manages government's shareholder interests in public enterprises in a manner that supports the speedy attainment of national goals and priorities. Funding is provided on the basis of annual business plans and shareholder compacts.
- *Small Medium and Micro Enterprise Development* promotes the development of the small, medium and micro enterprises sector through the use of ICTs. Funding is disbursed on the basis of project plans.

## Objectives and measures

- Promote good governance in public entities by undertaking corporate governance reviews and monitoring compliance with corporate governance protocols and the applicable legislation in all 5 public entities every year.
- Promote sustainable economic development in the ICT sector by aligning the business and investment plans of public entities with the strategic objectives of the department by analysing corporate plans and signing shareholder compacts every year.
- Improve the performance of public entities in the ICT sector by monitoring the implementation of their business and investment plans by analysing quarterly performance reports, annual reports and other ad hoc reports during the course of every year.
- Promote sound financial management practices in public entities by continually monitoring expenditure on projects funded by the fiscus and assessing their financial sustainability by analysing quarterly financial reports, annual financial statements and other ad hoc reports during the course of every year.
- Facilitate the growth and development of SMMEs and improve their sustainability by ensuring that 4 000 enterprises have access to and use ICTs by March 2010.

## Service delivery and spending focus

The department commissioned an independent review of corporate governance in the National Electronic Media Institute of South Africa and the Universal Service and Access Agency of South Africa to ensure the effective functioning of public entity corporate governance structures in August 2008. This will be followed by corporate governance reviews of the South African Broadcasting Corporation and Sentech in 2009/10.

Board complements of all public entities are monitored continually, and reports on members' terms of office have been submitted to the departmental executive committee. The department facilitated the appointment of board members for .za Domain Name Authority, Telkom, Sentech, the Universal Service and Access Agency of

South Africa, the National Electronic Media Institute of South Africa and the South African Post Office, as well as the appointment of non-executive and executive members of Telkom, Sentech, the South African Post Office and the South African Broadcasting Corporation.

A strategy aiming to build capacity within SMMEs through the use of ICT was developed in 2007/08. In 2008/09, 5 SMME development projects were initiated in the construction, tourism, arts and crafts sectors. Over the medium term, the *Small Medium and Micro Enterprise Development* subprogramme aims to extend its support to this type of enterprise in other sectors of the economy.

Over the medium term, the department will support the digitisation of Sentech transmitter infrastructure and the rollout of the national wireless broadband network.

## Expenditure estimates

**Table 24.7 ICT Enterprise Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Public Entity Oversight	705.4	960.8	1 570.4	1 320.3	1 382.9	1 575.2	1 554.1
Small Medium and Micro Enterprise Development	–	–	3.5	9.1	9.8	10.5	10.6
<b>Total</b>	<b>705.4</b>	<b>960.8</b>	<b>1 573.9</b>	<b>1 329.4</b>	<b>1 392.7</b>	<b>1 585.7</b>	<b>1 564.7</b>
Change to 2008 Budget estimate				7.9	119.4	350.5	414.5

### Economic classification

<b>Current payments</b>	<b>2.1</b>	<b>2.5</b>	<b>7.0</b>	<b>17.3</b>	<b>18.3</b>	<b>15.0</b>	<b>15.7</b>
Compensation of employees	2.0	2.0	2.7	5.3	6.1	6.6	6.8
Goods and services	0.1	0.5	4.3	12.0	12.2	8.4	8.8
<i>of which:</i>							
Administrative fees	0.1	0.5	–	1.4	1.5	1.6	1.6
Advertising	–	–	0.3	0.5	0.6	0.6	0.6
Audit costs: External	–	–	–	1.5	1.6	1.7	2.2
Consultants and professional services: Business and advisory services	–	–	–	5.3	5.0	1.7	1.2
Contractors	–	–	3.6	0.0	0.0	0.0	0.0
Agency and support / outsourced services	–	–	–	0.4	0.4	0.4	0.7
Travel and subsistence	–	–	0.1	0.7	0.5	0.7	0.6
Operating expenditure	–	–	–	0.1	0.8	0.1	0.1
Venues and facilities	–	–	–	0.9	0.7	0.5	0.4
<b>Transfers and subsidies</b>	<b>703.3</b>	<b>958.3</b>	<b>1 566.9</b>	<b>1 311.7</b>	<b>1 373.9</b>	<b>1 570.2</b>	<b>1 548.5</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	215.6	272.0	318.0	337.4	368.6	624.2	712.9
Public corporations and private enterprises	487.8	686.3	1 248.9	974.3	1 005.3	945.9	835.6
<b>Payments for capital assets</b>	<b>–</b>	<b>0.1</b>	<b>0.0</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>
Machinery and equipment	–	0.1	0.0	0.4	0.5	0.5	0.6
<b>Total</b>	<b>705.4</b>	<b>960.8</b>	<b>1 573.9</b>	<b>1 329.4</b>	<b>1 392.7</b>	<b>1 585.7</b>	<b>1 564.7</b>

Table 24.7 ICT Enterprise Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>215.6</b>	<b>272.0</b>	<b>318.0</b>	<b>337.4</b>	<b>368.6</b>	<b>624.2</b>	<b>712.9</b>
Independent Communications Authority of South Africa	150.5	201.5	234.5	247.3	269.6	300.9	328.4
National Electronic Media Institute of South Africa	18.2	19.2	29.7	25.3	29.1	35.3	37.4
Universal Service and Access Agency of South Africa	17.5	20.1	21.1	30.2	33.5	69.4	86.2
Universal Service Fund	29.4	31.2	32.7	34.6	36.4	218.6	260.9
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>300.0</b>	<b>351.4</b>	<b>363.8</b>	<b>521.6</b>	<b>383.1</b>	<b>406.1</b>	<b>430.4</b>
South African Post Office: Subsidy	300.0	351.4	363.8	521.6	383.1	406.1	430.4
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>180.1</b>	<b>234.9</b>	<b>239.1</b>	<b>252.7</b>	<b>262.2</b>	<b>268.9</b>	<b>126.1</b>
South African Broadcasting Corporation: Channel Africa	29.6	31.4	33.0	34.8	36.7	38.9	41.2
South African Broadcasting Corporation: Public broadcaster	150.5	203.5	206.2	217.9	225.5	230.0	84.9
<b>Capital</b>	<b>7.7</b>	<b>100.0</b>	<b>646.0</b>	<b>200.0</b>	<b>360.0</b>	<b>270.9</b>	<b>279.0</b>
Sentech: East African submarine cable system	–	–	21.0	–	–	–	–
Sentech: Digitisation	7.7	100.0	125.0	–	260.0	270.9	279.0
Sentech: National Wholesale Broadband Network (NWBn)	–	–	500.0	–	–	–	–
Sentech: 2010 FIFA World Cup	–	–	–	200.0	100.0	–	–

## Expenditure trends

Expenditure increased from R705.4 million in 2005/06 to R1.3 billion in 2008/09 at an average annual rate of 23.5 per cent. Expenditure remains fairly stable throughout the medium term, growing at an average annual rate of 5.6 per cent. The 63.8 per cent increase between 2006/07 and 2007/08 was due to the additional allocation of R500 million to Sentech for the national wireless broadband network. Over the MTEF period, expenditure increases are driven by additional allocations to Sentech:

- for 2010 FIFA World Cup infrastructure, amounting to R200 million in 2008/09 and R100 million in 2009/10
- a further allocation of R330 million over the MTEF period for the envisaged increased operational expenditure during the dual illumination period (when digital and analogue broadcasting signals exist concurrently).

The high average annual growth rates between 2005/06 and 2008/09 in goods and services (386.4 per cent) and of compensation of employees (38.2 per cent) is for capacitating the new *Small Medium and Micro Enterprise Development* subprogramme to deliver on the SMME strategy.

## Programme 5: ICT Infrastructure Development

- *Applications and Research* is responsible for technology research and analysis, applications and content development, analysing the legal environment to promote infrastructure technologies, and managing the use of the national frequency spectrum.
- *Meraka Institute* does research and develops ICT applications that aim to benefit all citizens.



- *112 Emergency Call Centre* provides a single national emergency number, from which all emergency calls will be routed to the most suitable local response unit.
- *.za Domain Name Authority* is responsible for administering and managing the .za domain name space.

### **Objectives and measures**

- Ensure that the allocation of the radio frequency spectrum is in the national interest and promotes diversity by developing a national radio frequency spectrum policy, taking into account the decisions of the International Telecommunications Union's world radio communication conference, by March 2010.
- Create favourable conditions for the accelerated and shared growth of the South African economy by ensuring an increase in the access, uptake and usage of ICT by implementing a municipal and provincial broadband policy by March 2010.
- Increase universal access to ICTs by facilitating connectivity to 20 per cent of municipalities, schools and local houses of traditional leaders by March 2010.
- Monitor and evaluate the implementation of the government ICT guarantees for the 2010 FIFA World Cup, specifically the primary and secondary fibre optic cable links, satellite uplink connectivity and international connectivity, by December 2009.
- Contribute to building confidence and security in the use of ICTs and an enabling environment to maximise investment in the ICT sector by completing the cyber security framework in 2009/10.

### **Service delivery and spending focus**

The government spectrum user's advisory committee was established in 2008 and a consultative meeting was convened with the National Intelligence Agency, national communication centres, the Independent Communications Authority of South Africa and the department, in the first half of 2007/08. The aim of the meeting was to initiate the process of incorporating government frequency spectrum requirements into the national frequency plan. Over the medium term, the department will contribute to the establishment of a government frequency spectrum advisory group.

A draft policy on national spectrum usage was developed in 2008 and will be finalised once all stakeholder inputs are incorporated. The policy aims to ensure that a coordinated national approach to spectrum usage exists, set conditions for the availability and efficient use of radio spectrum through various services, and provide a greater degree of predictability and certainty to current and future stakeholders about the use of the spectrum.

The refurbishment project of the international broadcast centre was formally launched in April 2008. The project is on track for the handover to FIFA in January 2010. An adequately equipped model of the international broadcast centre will be established at Coca Cola Park in Johannesburg for the 2009 FIFA Confederations Cup.

The department conducted an analysis of the preparations and budgets of host stadiums for the provisioning of their basic versus overlay IT and telecommunications infrastructure requirements in the second quarter of 2008/09. The technical and funding requirements for basic IT and telecommunications infrastructure for host stadiums have also been established.

To ensure the operational readiness of ICT infrastructure, the department established a national telecommunications infrastructure committee with FIFA and the local organising committee. The purpose of this structure is to monitor and report to FIFA on the progress of ICT infrastructure upgrades. A 2010 legacy plan, which details how specific ICT projects developed for the event will benefit the country afterwards, was also developed and approved in 2008.



## Expenditure estimates

**Table 24.8 ICT Infrastructure Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Applications and Research	45.0	28.2	43.0	658.0	512.9	225.8	79.5
Meraka Institute	7.0	4.0	5.0	6.0	7.0	–	–
112 Emergency Call Centre	14.8	23.9	19.6	24.9	26.7	28.3	30.1
.za Domain Name Authority	1.5	1.5	1.5	1.5	1.5	1.5	1.5
<b>Total</b>	<b>68.3</b>	<b>57.6</b>	<b>69.1</b>	<b>690.5</b>	<b>548.1</b>	<b>255.6</b>	<b>111.1</b>
Change to 2008 Budget estimate				600.0	447.5	146.9	(4.2)

### Economic classification

<b>Current payments</b>	<b>57.1</b>	<b>51.7</b>	<b>62.0</b>	<b>81.0</b>	<b>87.3</b>	<b>101.6</b>	<b>107.1</b>
Compensation of employees	14.5	15.1	15.9	23.5	28.0	29.3	31.2
Goods and services	42.6	36.6	46.1	57.5	59.4	72.3	75.9
<i>of which:</i>							
Advertising	0.2	0.4	0.8	0.1	0.1	0.2	0.2
Assets less than R5 000	0.1	0.8	0.4	0.3	0.4	0.4	0.4
Communication	0.6	0.7	1.0	1.9	1.9	3.6	3.8
Computer services	0.1	0.9	0.2	0.3	0.3	0.3	0.3
Consultants and professional services: Business and advisory services	2.0	1.0	5.0	31.0	17.7	16.9	14.4
Contractors	6.9	4.7	6.7	3.9	4.1	5.5	5.7
Agency and support / outsourced services	19.8	18.9	13.9	–	10.5	12.6	13.2
Lease payments	3.2	1.4	1.9	2.5	2.6	3.7	4.3
Owned and leasehold property expenditure	1.0	1.1	1.1	1.0	1.0	1.7	2.2
Travel and subsistence	5.2	5.0	12.5	3.0	3.3	4.5	4.7
Training and development	1.7	0.5	0.3	0.2	0.2	0.2	0.2
Operating expenditure	0.2	0.2	0.2	0.2	3.4	6.9	10.0
Venues and facilities	0.9	0.2	1.5	12.3	13.0	14.9	15.6
<b>Transfers and subsidies</b>	<b>8.6</b>	<b>5.5</b>	<b>6.5</b>	<b>607.5</b>	<b>458.5</b>	<b>151.5</b>	<b>1.5</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	8.5	5.5	6.5	7.5	8.5	1.5	1.5
Public corporations and private enterprises	–	–	–	600.0	450.0	150.0	–
Households	0.0	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>2.7</b>	<b>0.4</b>	<b>0.6</b>	<b>2.0</b>	<b>2.3</b>	<b>2.5</b>	<b>2.5</b>
Machinery and equipment	0.4	0.4	0.6	2.0	2.3	2.5	2.5
Software and other intangible assets	2.3	0.1	–	–	–	–	–
<b>Total</b>	<b>68.3</b>	<b>57.6</b>	<b>69.1</b>	<b>690.5</b>	<b>548.1</b>	<b>255.6</b>	<b>111.1</b>

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>8.5</b>	<b>5.5</b>	<b>6.5</b>	<b>7.5</b>	<b>8.5</b>	<b>1.5</b>	<b>1.5</b>
.za Domain Name Authority	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Meraka Institute	7.0	4.0	5.0	6.0	7.0	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Capital</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>600.0</b>	<b>450.0</b>	<b>150.0</b>	<b>–</b>
Telkom: 2010 FIFA World Cup	–	–	–	600.0	450.0	150.0	–

## Expenditure trends

Expenditure in this programme increases from R68.3 million in 2005/06 to R690.5 million in 2008/09 at an average annual rate of 116.2 per cent due to the additional allocation of R600 million for the last mile network between stadium venues and the Telkom national network, funded from the *Application and Research* subprogramme. Expenditure is expected to decrease at a negative average annual rate of 45.6 per cent. This decline is because of the phasing out of the 2010 FIFA World Cup allocations. Spending in the *112 Emergency Call Centre* subprogramme increases from R14.8 million in 2005/06 to R24.9 million in 2008/09 at an average annual rate of 18.9 per cent as modalities for establishing a national 112 emergency call centre are investigated. Consulting fees increase from R5 million in 2007/08 to R31 million in 2008/09 due to the shift of the department's IT function from the *Administration* programme to the *Application and Research* subprogramme. This increase is also attributable to the development of an electronic document management system for the department.

The 314.1 per cent increase between 2005/06 and 2008/09 in transfers and subsidies and the subsequent decrease of 86.5 per cent over the MTEF period was due to a once-off allocation of R600 million in 2008/09 for the transfer to Telkom to fund the ICT access network (ICT infrastructure for the 2010 FIFA World Cup). An additional R450 million and R150 million have been allocated for 2009/10 and 2010/11 for the implementation of the ICT guarantee.

## Programme 6: Presidential National Commission

- *Planning, Coordination and Evaluation* is responsible for ensuring that South Africa has proactive and progressive national plans on information society and development, with sectoral, provincial and local government components. It coordinates the implementation of the national information society and development plan and ensures that related policies, legislation and programmes are well integrated, complementary and aligned.
- *Information Society and Development Cluster* supports the effective and efficient functioning of the information society and development institutional mechanisms, such as the interministerial committee on information society and development, the information society and development intergovernmental relations forum, the Forum of South African Directors-General information society and development cluster, and the intergovernmental relations forum technical committee.
- *e-Applications* facilitates the implementation of information society related projects and programmes to attain the sectoral targets of the information society and development plan and maximise the benefits of the information society for the development of women, children, youth, people with disabilities, as well as poor communities. Funding is disbursed on the basis of project plans.
- *Presidential National Commission Operations* provides responsive, timely and comprehensive strategic and administrative support aimed at strengthening the Presidential National Commission on information society and development as a knowledge driven organisation. Funding is mainly used for compensation of employees, and related expenditure on goods and services.

## Objectives and measures

- Coordinate the building of an information society in South Africa by facilitating and monitoring the implementation of 15 of the 40 identified information society and development programme projects by 2009/10.
- Ensure that the information society and development programme is aligned with the outcomes of the World Summit on the Information Society by participating in the annual follow up meetings.
- Facilitate the integration of the World Summit on the Information Society outcomes into the Forum of South African Directors-General information society and development cluster's programme of action by disseminating information, advocating policy proposals and providing secretariat support at all 10 cluster meetings in 2009/10.
- Measure the impact of the implementation of the information society and development programme by publishing the e-barometer, which measures the improvement in ICT connectivity in various sectors, by March 2010.

## Service delivery and spending focus

During 2007/08, the Presidential National Commission on information society and development facilitated the successful establishment of the Forum of South African Directors-General cluster on information society and development and its eight subcommittees. The department provided administrative and secretariat support to the forum. Over the medium term, the programme will focus on coordinating the implementation of the information society and development plan by engaging with relevant clusters within government to ensure that projects are implemented within prescribed deadlines. Moreover, the commission will align the plan with the World Summit on the Information Society outcomes by participating in the annual follow up meetings.

The information society and development intergovernmental relations forum held its first meeting in May 2008 in North West and its second meeting in November 2008 in Limpopo. The structure is chaired by the Minister of Communications and co-chaired by the Minister of Public Service and Administration, as part of the institutional mechanisms for building an inclusive information society.

The national youth information society and development programme comprises three projects aimed at empowering young people. These are e-cooperatives, a national digital repository for cultural heritage, and youth e-literacy.

The youth e-cooperatives initiative was implemented in 2 phases. During phase 1 of the project, which started in 2007, 46 e-cooperatives were successfully established with about 460 young people as beneficiaries from all 9 provinces. 1 200 young people were recruited in all provinces during phase 2 of the project, which was implemented in 2008. The following key deliverables were achieved:

- 500 young people have undergone training on basic ICT skills at the Tshwane University of Technology.
- The Small Enterprise Development Agency has provided pre-incorporation skills and introduction to business and financial management skills to these young people.
- Approximately 50 e-cooperatives were registered between April and December 2008.

In 2007, the youth e-literacy programme was registered as a national youth service project with the national youth service unit of the Presidency. In December 2007, 377 young people participated in the e-literacy training provided by the Tshwane University of Technology. The project has managed to deploy the trainees to do community service in health institutions in Northern Cape, North West and Limpopo. Trainees were also sent to Dinaledi schools in Eastern Cape, Free State, Gauteng, KwaZulu-Natal and Mpumalanga.

20 young people, initially trained by the National Electronic Media Institute of South Africa, developed the national digital repository portal on cultural heritage. The North West chapter of the national digital repository was launched just before the information society and development intergovernmental relations forum in May 2008.

## Expenditure estimates

**Table 24.9 Presidential National Commission**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Policy Planning and Foresight	22.4	12.5	12.9	16.7	13.0	13.8	14.6
e-Applications	–	1.4	5.5	13.9	4.4	4.7	4.8
ISAD Cluster	–	1.6	1.5	3.8	4.3	4.5	5.0
PNC Operations	–	7.9	7.5	12.2	12.3	12.9	13.6
<b>Total</b>	<b>22.4</b>	<b>23.3</b>	<b>27.3</b>	<b>46.6</b>	<b>34.0</b>	<b>36.0</b>	<b>38.0</b>
Change to 2008 Budget estimate				15.0	(0.6)	(0.7)	(0.8)

**Table 24.9 Presidential National Commission (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>21.8</b>	<b>23.0</b>	<b>26.9</b>	<b>45.6</b>	<b>32.9</b>	<b>34.7</b>	<b>36.7</b>
Compensation of employees	9.4	10.3	9.4	14.0	16.3	16.8	17.8
Goods and services	12.4	12.6	17.5	31.6	16.6	17.9	19.0
of which:							
Administrative fees	–	0.1	0.5	0.3	0.3	0.3	0.3
Advertising	0.0	0.1	0.3	1.4	1.5	1.5	1.6
Assets less than R5 000	0.1	0.3	0.2	0.8	0.9	0.9	1.0
Catering: Departmental activities	0.1	0.0	1.2	0.0	0.0	0.0	0.0
Communication	0.2	0.2	0.5	0.3	0.3	0.4	0.5
Computer services	0.1	0.1	0.6	0.1	0.1	0.2	0.2
Consultants and professional services: Business and advisory services	3.9	3.3	4.6	21.0	5.0	4.7	2.8
Contractors	3.3	0.1	0.4	0.1	0.1	0.1	0.1
Agency and support / outsourced services	0.6	0.6	0.8	–	–	–	–
Inventory: Stationery and printing	0.2	0.6	1.0	0.3	0.3	0.4	0.4
Travel and subsistence	2.7	4.0	4.5	4.9	5.2	5.5	5.7
Training and development	0.4	0.2	1.2	1.0	1.1	1.2	1.2
Operating expenditure	0.1	0.0	0.0	0.1	0.6	1.2	3.7
Venues and facilities	0.8	2.7	1.4	1.2	1.3	1.4	1.4
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.6</b>	<b>0.4</b>	<b>0.4</b>	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>	<b>1.3</b>
Machinery and equipment	0.6	0.4	0.4	1.0	1.1	1.2	1.3
Software and other intangible assets	0.0	–	–	–	–	–	–
<b>Total</b>	<b>22.4</b>	<b>23.3</b>	<b>27.3</b>	<b>46.6</b>	<b>34.0</b>	<b>36.0</b>	<b>38.0</b>

## Expenditure trends

Expenditure increased from R22.4 million in 2005/06 to R46.6 million in 2008/09 at an average annual rate of 27.7 percent. The 70.8 per cent increase in 2008/09 is due to funds being shifted to the programme to fund the third apex priority project. Over the MTEF period, expenditure decreases steadily at a negative annual rate of 6.6 per cent from R46.6 million in 2008/09 to R38 million in 2011/2 as operational expenditure normalises. Expenditure on goods and services increases from R17.5 million in 2007/08 to R31.6 in 2008/09 at an average annual rate of 80.6 per cent due to the shifting of funds from the *ICT Policy Development* programme. Similarly, compensation of employees increases from R9.4 million in 2005/06 to R14 million in 2008/09 at an average annual rate of 14.3 per cent.

## Public entities

### Sentech

#### Strategic overview: 2005/06 – 2011/12

Sentech was established in terms of the Sentech Act (1996) and the Sentech Amendment Act (1999). Sentech is a state owned enterprise tasked with providing broadcasting signal distribution for broadcasting licences. In the context of the convergence of technologies, Sentech was awarded a multimedia and carrier of carrier licences, thus positioning it to offer fully converged ICT services. Sentech is Africa's largest broadcasting signal distributor. It also operates a number of terrestrial broadcasting transmitter sites, which carry short wave, medium wave, FM, television and microwaves.

In line with Cabinet's approval that Sentech become the core national wireless broadband service provider, the organisation aims to provide the core broadband infrastructure, focusing on the third of the 24 apex priorities, which is speeding up ICT interventions on cheaper platforms. As a wholesale broadband network provider, the organisation is mandated to provide connectivity to schools, hospitals, clinics, the Thusong community centres (previously called the multi-purpose community centres), and government offices in all spheres and within rural areas.

Over the medium term, Sentech will continue to focus on its strategic objectives:

- operating the next generation broadband digital platform
- becoming the brand leader in the company's niche market shares
- meeting customer needs with innovative, value adding products
- encouraging innovation, superior performance and staff self development.

Sentech faces a number of challenges in its attempts to meet these objectives. Finding the appropriate funding model for the business to ensure financial sustainability is a key challenge. Agreeing on an appropriate funding model that balances the social and economic needs of the country remains a key challenge. Other related challenges include the maintenance of critical and ageing infrastructure in the context of inadequate cash reserves in the organisation.

### Selected performance and operations indicators

**Table 24.10 Sentech**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Direct to home television network performance (measured by transmission performance in percentage)	98%	99%	99%	99%	99%	99%	99%
Direct to home radio performance (measured by transmission performance in percentage)	99%	99%	99%	99%	99%	99%	99%
Number of new radio transmitters switched on	0	2	3	5	10	10	105
Number of new television transmitters switched on	8	6	10	10	10	10	310

### Service delivery and spending focus

The long awaited digital terrestrial television signal was launched in October 2008. Digital terrestrial television refers to the process of implementing digital technology to provide for a greater number of channels, better quality picture and improved sound within the broadcasting industry. The digital terrestrial television project is a key priority in helping South Africa meet its commitment to the International Telecommunication Union of switching off its analogue broadcast signal by 2015. Over the medium term, expenditure will focus on the digitisation of Sentech's existing and new infrastructure. In 2006/07, the company undertook extensive infrastructure development by installing 56 new transmitters and 13 new antennas. Sentech also plays a key role in the provision of satellite connectivity to serve as a redundant feed to Telkom's optical fibre for the 2010 FIFA World Cup project.

In relation to its core business of providing signal distribution, network performance for both television and radio has been operating at 99.9 per cent. All major transmitter installations aim to achieve this performance target of 99.9 per cent.

## Expenditure estimates

**Table 24.11 Sentech Ltd: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>672.4</b>	<b>732.8</b>	<b>751.4</b>	<b>844.5</b>	<b>974.2</b>	<b>1 084.2</b>	<b>1 253.8</b>
Sale of goods and services other than capital assets of which:	5.0	–	–	–	–	–	–
Sales by market establishments	5.0	–	–	–	–	–	–
Broadcasting signal revenue	667.3	732.8	751.4	844.5	974.2	1 084.2	1 253.8
<b>Transfers received</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>350.0</b>	<b>360.0</b>	<b>270.9</b>	<b>279.0</b>
<b>Total revenue</b>	<b>672.4</b>	<b>732.8</b>	<b>751.4</b>	<b>1 194.5</b>	<b>1 334.2</b>	<b>1 355.2</b>	<b>1 532.8</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>736.3</b>	<b>749.9</b>	<b>756.6</b>	<b>775.4</b>	<b>1 026.6</b>	<b>1 031.1</b>	<b>1 154.6</b>
Compensation of employees	218.6	228.5	251.4	244.6	284.9	319.6	351.5
Goods and services	411.7	398.5	399.6	422.6	588.8	590.6	678.2
Depreciation	79.8	92.1	87.7	95.2	137.0	112.1	118.0
Interest, dividends and rent on land	26.2	30.7	17.9	13.0	15.9	8.9	6.9
<b>Total expenses</b>	<b>747.7</b>	<b>750.4</b>	<b>733.9</b>	<b>775.4</b>	<b>1 026.6</b>	<b>1 031.1</b>	<b>1 154.6</b>
<b>Surplus / (Deficit)</b>	<b>(75.3)</b>	<b>(17.6)</b>	<b>17.5</b>	<b>419.1</b>	<b>307.7</b>	<b>324.1</b>	<b>378.2</b>
<b>Statement of financial position</b>							
Carrying value of assets	713.5	727.3	729.4	990.5	1 113.0	1 352.9	1 354.9
of which: Acquisition of assets	36.1	111.7	145.9	356.2	259.6	351.9	120.0
Investments	–	–	–	–	–	18.9	18.9
Inventory	9.2	11.4	17.8	22.4	112.1	23.7	25.6
Loans	15.5	–	–	–	0.5	0.5	0.5
Receivables and prepayments	60.1	50.6	86.7	79.4	96.6	77.0	88.9
Cash and cash equivalents	14.9	93.8	713.6	709.3	96.9	61.9	265.1
Assets not classified elsewhere	19.6	176.7	127.5	–	–	–	–
<b>Total assets</b>	<b>833.0</b>	<b>1 059.7</b>	<b>1 675.1</b>	<b>1 801.6</b>	<b>1 419.1</b>	<b>1 534.9</b>	<b>1 753.9</b>
Accumulated surplus/deficit	(17.0)	(34.6)	(17.1)	52.0	(0.4)	10.6	120.1
Capital and reserves	420.6	515.4	543.1	519.4	540.1	558.5	545.1
Borrowings	194.2	193.3	158.4	97.7	81.7	43.6	24.3
Post-retirement benefits	69.3	71.5	85.2	95.5	107.5	121.2	133.2
Trade and other payables	165.9	171.4	176.9	152.9	270.0	270.1	300.2
Provisions	–	–	–	52.4	260.2	311.7	311.7
Liabilities not classified elsewhere	–	142.6	728.5	831.7	160.1	219.3	319.3
<b>Total equity and liabilities</b>	<b>833.0</b>	<b>1 059.7</b>	<b>1 675.1</b>	<b>1 801.6</b>	<b>1 419.1</b>	<b>1 534.9</b>	<b>1 753.9</b>

## Expenditure trends

Allocations to Sentech from the Department of Communications increase by R7.7 million in 2005/06 to R350 million in 2008/09. In 2005/06, Sentech incurred a deficit of R80.4 million. This increases to a surplus of R419.1 million in 2008/09. However, this figure does not reflect Sentech's financial position as the incorporation of the transfers inflates revenue figures.

The audited annual financial statements show that Sentech earned a pre-tax profit of R28 million for 2008. This is a significant improvement from the pre-tax loss of R18.3 million incurred in 2007. This improvement is due to cost cutting initiatives. The pre-tax profit/loss is calculated after excluding transfers, which were treated as deferred income (liability) within the accrual system of accounting. A loss of R59.1 million is forecast for 2009, which is mainly due to increased spending on critical network maintenance. The two major factors causing this increase are:



- the age of equipment (it is generally more expensive to maintain ageing equipment)
- critical maintenance (such as roads infrastructure) that was deferred in previous years due to cash flow constraints.

The digital terrestrial television and the 2010 projects accelerate rapidly from 2010. This increase in the level of activity will impact on Sentech's financial statements over the MTEF period by:

- increases in fixed assets creation
- increases in stockholding (new spares and consumables)
- reductions in cash and cash equivalents, which will be used for purchases of stocks and assets
- increased provisions as the creditors and accruals will increase.

Since 2003/04, Sentech has received the following additional allocations:

- R665 million for the migration from analogue to digital terrestrial television starting in 2006/07
- R300 million for the 2010 FIFA World Cup (R200 million for 2008/09 and R100 million in 2009/10)
- R500 million for the rollout of a national broadband wireless network in 2007/08.

## South African Post Office Ltd

### Strategic overview: 2005/06 – 2011/12

The South African Post Office was established in accordance with the Post Office Act (1958) as a government business enterprise to provide postal and related services to the South African public. It was granted an exclusive mandate to conduct postal and related services to the South African public in terms of the Postal Services Act (1998). This act makes provision for the regulation of postal services and operational functions of the postal company, including universal service obligations. It also makes provision for the financial services activities of the Post Bank.

The strategic objectives for the South African Post Office over the medium term are to:

- drive operational excellence to achieve top quality at benchmark cost
- achieve customer intimacy and use this to grow in its communications, logistics and financial services
- be government's preferred partner for economic enablement within the product service offering and in the delivery of government services
- build a high performance culture and develop skills throughout organisations
- strengthen the public perception of the South African Post Office as a trusted brand.

The key priorities for the South African Postal Service over the MTEF period relate to the provision of a universal service at an affordable price and acceptable standard, to ensure financial sustainability, to comply with corporate governance principles and to meet the conditions of its licence agreement.

### Selected performance and operations indicators

**Table 24.12 South African Post Office Ltd**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of new post offices	28	70	31	100	100	100	100
Number of post office service points	2 570	2 638	2 668	2 422	2 518	2 619	2 724
Total number of new addresses	2 293 290	1 899 954	1 660 396	1 830 000	1 830 000	1 830 000	1 830 000
Number of new Mzansi account holders	609 130	660 824	491 303	493 000	501 000	520 000	540 000

### Service delivery and spending focus

During 2007/08, the South African Post Office rolled out 1.6 million new postal addresses, and the Post Bank depositor's book grew by 11 per cent. The value added service of being able to renew motor vehicle licences was extended to the post offices in Eastern Cape. The South African Post Office also successfully participated in the implementation of the Asonge (MTN) empowerment scheme.



The South African Post Office received a number of awards in 2007/08, including: African post office of the year; the Johannesburg stock exchange award for the best annual report in the public sector category; and the Oliver empowerment award in the major public entities category.

## Expenditure estimates

**Table 24.13 South African Post Office: Activity information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
SA Post Office ( Mail, logistics & financial services)	4 674.4	4 871.9	5 224.3	5 657.3	6 165.7	6 666.5	7 153.9
<b>Total expense</b>	<b>4 674.4</b>	<b>4 871.9</b>	<b>5 224.3</b>	<b>5 657.3</b>	<b>6 165.7</b>	<b>6 666.5</b>	<b>7 153.9</b>

**Table 24.14 South African Post Office: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>4 994.9</b>	<b>4 871.5</b>	<b>5 237.6</b>	<b>5 538.0</b>	<b>6 063.6</b>	<b>6 556.3</b>	<b>7 034.8</b>
Sale of goods and services other than capital assets	4 482.6	4 612.0	4 924.5	5 170.7	5 633.7	6 084.4	6 516.9
<i>of which:</i>							
Postal and money transfer services	4 482.6	4 612.0	4 924.5	5 170.7	5 633.7	6 084.4	6 516.9
Other non-tax revenue	512.2	259.6	313.2	367.3	429.9	471.8	517.9
<b>Transfers received</b>	<b>300.0</b>	<b>351.4</b>	<b>363.8</b>	<b>521.6</b>	<b>383.1</b>	<b>406.1</b>	<b>430.4</b>
<b>Total revenue</b>	<b>5 294.9</b>	<b>5 223.0</b>	<b>5 601.4</b>	<b>6 059.6</b>	<b>6 446.7</b>	<b>6 962.3</b>	<b>7 465.3</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>4 438.0</b>	<b>4 716.4</b>	<b>5 036.4</b>	<b>5 545.2</b>	<b>6 043.9</b>	<b>6 524.1</b>	<b>6 997.0</b>
Compensation of employees	2 368.2	2 518.7	2 708.5	2 979.4	3 217.7	3 443.0	3 684.0
Goods and services	1 832.5	1 934.4	2 053.2	2 259.2	2 452.8	2 651.6	2 847.3
Depreciation	161.9	169.1	172.1	193.8	251.6	298.0	323.7
Interest, dividends and rent on land	75.5	94.2	102.5	112.8	121.8	131.5	142.1
<b>Total expenses</b>	<b>4 674.4</b>	<b>4 871.9</b>	<b>5 224.3</b>	<b>5 657.3</b>	<b>6 165.7</b>	<b>6 666.5</b>	<b>7 153.9</b>
<b>Surplus / (Deficit)</b>	<b>620.5</b>	<b>351.0</b>	<b>377.1</b>	<b>402.3</b>	<b>281.0</b>	<b>295.8</b>	<b>311.4</b>
<b>Statement of financial position</b>							
Carrying value of assets	1 153.1	1 147.9	1 130.1	1 857.3	2 705.7	3 507.7	4 134.0
<i>of which: Acquisition of assets</i>	129.9	168.7	158.7	921.0	1 100.0	1 100.0	950.0
Investments	716.7	763.5	477.5	515.7	560.6	605.4	653.9
Inventory	72.1	54.4	54.5	59.4	64.1	69.3	74.8
Receivables and prepayments	560.5	545.0	665.9	725.8	783.8	846.6	914.3
Cash and cash equivalents	3 164.1	4 485.4	5 362.8	5 791.9	6 255.2	6 755.6	7 296.1
<b>Total assets</b>	<b>5 666.6</b>	<b>6 996.2</b>	<b>7 690.8</b>	<b>8 950.0</b>	<b>10 369.5</b>	<b>11 784.6</b>	<b>13 073.0</b>
Accumulated surplus/deficit	873.9	1 233.1	1 596.7	1 999.1	2 280.0	2 575.9	2 887.2
Post-retirement benefits	750.7	729.5	708.2	764.8	826.0	892.1	963.5
Trade and other payables	3 940.1	4 800.1	5 111.4	6 017.6	7 026.1	7 997.4	8 806.6
Provisions	3.1	7.6	9.6	10.3	11.2	12.0	13.0
Liabilities not classified elsewhere	98.6	225.9	264.9	158.2	226.1	307.1	402.7
<b>Total equity and liabilities</b>	<b>5 666.6</b>	<b>6 996.2</b>	<b>7 690.8</b>	<b>8 950.0</b>	<b>10 369.5</b>	<b>11 784.6</b>	<b>13 073.0</b>
<b>Contingent liabilities</b>	<b>680.9</b>	<b>656.4</b>	<b>309.8</b>	<b>309.8</b>	<b>247.8</b>	<b>198.2</b>	<b>158.6</b>

## Expenditure trends

Revenue increased from R5.3 billion in 2005/06 to R6.1 billion in 2008/09, an average annual increase of 4.6 per cent. Revenue is expected to increase from R6.1 billion in 2008/09 to R7.5 billion in 2011/12 at an average annual rate of 7.2 per cent. The South African Post Office also receives a government subsidy, which is

used for universal service obligations and investment in infrastructure. Expenditure will increase from R4.7 billion in 2005/06 to R5.7 billion in 2008/09, at an average annual rate of 6.6 per cent. Over the MTEF period, expenditure will increase from R5.7 billion in 2008/09 to R7.2 billion in 2011/12 at an average annual rate of 8.1 per cent. The South African Post Office is expected to maintain a surplus over the medium term, thus ensuring financial sustainability.

## The South African Broadcasting Corporation

### Strategic overview: 2005/06 – 2011/12

The South African Broadcasting Corporation was established in terms of the Broadcasting Act (1936) as a government enterprise to provide radio and television broadcasting services to South Africa. It is operationally regulated in terms of a licence granted by the Independent Communications Authority of South Africa.

Since 2005/06, the South African Broadcasting Corporation has been involved in restructuring and repositioning its television, radio and new media platforms, while planning and preparing for digital terrestrial television migration. Planning for the 2009 national elections, the 2010 FIFA World Cup and the digital terrestrial television switch in November 2008 dominated the corporation's operations in 2008.

Key factors influencing operations during 2007/08 included:

- granting new licences, thus creating increased competition in the broadcasting industry
- changes in broadcasting technology, including the move to digital terrestrial transmission
- the need to develop a sustainable funding model and funding mix
- possible fragmentation of audiences due to the convergence in technology.

Over the medium term, the organisation will continue to focus on driving digital leadership in broadcasting technology and facilitating e-government services through digital terrestrial television set-top-boxes value added services. The continued rollout of low powered transmitters to deliver universal access is high on the South African Broadcasting Corporation's agenda for public service delivery, as is the implementation of a platform and channel management strategy.

## Selected performance and operations indicators

**Table 24.15 The South African Broadcasting Corporation**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Operational expenditure: Digital terrestrial television migration <sup>1</sup>	–	–	–	R30m	R540m	R661m	R746m
Operational expenditure: News and current affairs, SABC News International	–	–	R49.3m	R54.7m	R60.8m	R67.5m	R72.2m
Expenditure on technology upgrade and outside broadcast vans	R100	R150m	R150m	R1 079m	R1 439m	R860m	R860m
Amount of public service expenditure	–	–	–	–	R140m	R158m	R178m
Local content as a percentage of total public broadcasting service television	55%	55%	55%	60%	65%	75%	75%
Local content as a percentage of total public commercial service television	35%	35%	35%	35%	35%	35%	35%
Local content as a percentage of total public broadcasting service radio	40%	40%	40%	60%	65%	70%	70%
Local content as a percentage of total public commercial service radio	25%	25%	35%	35%	40%	45%	45%
Number of television transmitters switched on	6	8	1	60	430	426	–
Number of new radio transmitters	–	–	–	119	105	105	–
Percentage of archives digitised	–	–	–	–	10%	20%	20%

1. Digital terrestrial television migration: R30m in 2008/09 is for pilot, trial switch on and setting up the digital terrestrial television migration project office. R540m, R661m, and R746m for the other years are for the actual launch and operation of the digital terrestrial television migration channels, content costs, broadcast facilities and dual illumination costs, and the delivery of public service channels and new services.

## Service delivery and spending focus

In 2007/08, the South African Broadcasting Corporation conducted a public value survey to gauge the level of satisfaction the South African public derives from the corporation's services. Of the total participants sampled and surveyed, 71 per cent of respondents gave the South African Broadcasting Corporation an approval rating of 7 or more out of 10, and were prepared to pay a higher licence fee. 88 per cent of respondents felt that the corporation provides a large or moderate contribution to the South African society.

Based on the survey, the total value derived by members of the public from the public broadcasting services is about R2.2 billion, compared with less than R900 million currently collected by the South African Broadcasting Corporation from licence fees. In its drive to increase universal access to the majority of South African citizens, the South African Broadcasting Corporation started rolling out low powered transmitters to 300 sites, resulting in 1.5 million citizens being able to access the corporation's radio and television services.

The South African Broadcasting Corporation has digitised most of its regional infrastructure, implemented a television broadcasting management system for scheduling and archiving data in a multichannel digital environment, and developed a digital terrestrial television migration and platform management strategy in preparation for the digital terrestrial switch-on in November 2008.

To prepare for the 2010 FIFA World Cup, the South African Broadcasting Corporation acquired 4 high definition vans for outside broadcasting, and developed a plan for the rollout of broadcasting infrastructure to 200 public viewing sites to benefit South Africans in remote areas.

Through its commitment to develop the local industry, the South African Broadcasting Corporation has continued to invest in the production of local content, as well as increasing local content delivery on its television platform. In 2007/08, the South African Broadcasting Corporation invested R924 million in local content, increased local content by 15.9 per cent for SABC1, 7.1 per cent for SABC2, and 2.3 per cent for SABC3. Between 60 and 70 per cent of programming is now broadcast in languages other than English during prime time, and up to 80 per cent of local programming is in languages other than English.

Over the medium term, the South African Broadcasting Corporation will continue to focus on digitising its infrastructure, improve delivery of local content programming and expand access to radio and broadcasting services to remote areas.

## Expenditure estimates

**Table 24.16 South African Broadcasting Corporation: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>3 962.3</b>	<b>4 294.5</b>	<b>4 700.3</b>	<b>5 491.0</b>	<b>6 078.2</b>	<b>6 863.1</b>	<b>7 314.5</b>
Sale of goods and services other than capital assets	3 286.0	3 606.3	4 020.7	4 563.2	5 021.6	5 606.8	6 008.6
of which:							
Admin fees	738.7	760.1	822.3	826.0	835.9	846.0	856.1
Advertising revenue	2 547.3	2 846.3	3 198.3	3 737.2	4 185.7	4 760.9	5 152.5
Other non-tax revenue	676.3	688.2	679.7	927.8	1 056.5	1 256.3	1 305.8
<b>Transfers received</b>	<b>180.1</b>	<b>234.9</b>	<b>239.1</b>	<b>279.8</b>	<b>300.0</b>	<b>387.5</b>	<b>251.8</b>
<b>Total revenue</b>	<b>4 142.4</b>	<b>4 529.4</b>	<b>4 939.4</b>	<b>5 770.7</b>	<b>6 378.1</b>	<b>7 250.6</b>	<b>7 566.3</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>3 457.9</b>	<b>4 119.5</b>	<b>4 401.2</b>	<b>5 341.1</b>	<b>5 626.3</b>	<b>5 907.7</b>	<b>6 203.0</b>
Compensation of employees	989.8	1 079.8	1 072.2	1 386.6	1 458.3	1 531.2	1 607.8
Goods and services	1 340.2	2 867.1	3 174.6	3 680.7	3 880.0	4 074.0	4 277.7
Depreciation	1 115.8	156.2	140.4	273.8	288.1	302.5	317.6
Interest, dividends and rent on land	12.1	16.4	14.1	—	—	—	—
<b>Total expenses</b>	<b>3 620.8</b>	<b>4 195.8</b>	<b>4 454.1</b>	<b>5 341.1</b>	<b>5 626.3</b>	<b>5 907.7</b>	<b>6 203.0</b>
<b>Surplus / (Deficit)</b>	<b>521.6</b>	<b>333.6</b>	<b>485.4</b>	<b>429.6</b>	<b>751.8</b>	<b>1 342.9</b>	<b>1 363.2</b>

**Table 24.16 South African Broadcasting Corporation: Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial position</b>							
Carrying value of assets	1 223.2	1 271.0	1 492.3	2 197.8	3 348.7	3 906.3	4 448.7
of which: Acquisition of assets	(817.5)	245.1	363.1	1 079.2	1 439.0	860.0	860.0
Investments	1 036.3	100.0	373.0	2.9	–	–	–
Inventory	5.1	4.5	4.6	4.5	5.0	5.0	5.0
Receivables and prepayments	896.9	886.8	1 126.8	1 028.1	740.0	794.6	917.6
Cash and cash equivalents	145.9	712.1	190.2	300.0	100.0	100.0	100.0
Assets not classified elsewhere	–	576.4	1 256.7	623.7	500.0	600.0	650.0
<b>Total assets</b>	<b>3 307.5</b>	<b>3 550.7</b>	<b>4 443.7</b>	<b>4 156.9</b>	<b>4 693.7</b>	<b>5 405.9</b>	<b>6 121.3</b>
Accumulated surplus/deficit	1 983.6	2 137.9	2 459.1	2 365.0	2 879.4	3 900.5	5 080.9
Capital and reserves	–	1.5	1.4	1.5	1.5	1.5	1.5
Borrowings	47.0	51.0	33.7	538.5	174.0	105.0	80.0
Post-retirement benefits	319.9	–	–	246.3	470.0	380.0	290.0
Trade and other payables	952.0	614.5	831.4	788.9	951.5	801.5	501.5
Provisions	5.0	19.0	29.7	19.0	20.0	20.0	20.0
Liabilities not classified elsewhere	–	726.9	1 088.4	197.7	197.4	197.4	147.4
<b>Total equity and liabilities</b>	<b>3 307.5</b>	<b>3 550.7</b>	<b>4 443.7</b>	<b>4 156.9</b>	<b>4 693.7</b>	<b>5 405.9</b>	<b>6 121.3</b>

### Expenditure trends

Expenditure is expected to increase from R5.3 billion in 2008/09 to R6.2 billion in 2011/12 at an average annual rate of 5.1 per cent. The increase in expenditure over the next four years is due to: an increase in the number of employees as the organisation prepares for digital terrestrial television migration and the 2010 FIFA World Cup, (rollout of the technology plan and filling key vacancies). The increases also relate to a rise in marketing spend on digital terrestrial television and the 2010 FIFA World Cup, as well as expenditure on signal distribution with the rollout of additional transmitters, including low power transmitters. Professional and consulting fees are expected to decrease as the organisation uses in-house capacity more efficiently and effectively. Revenue is expected to grow from R5.8 billion in 2008/09 to R7.3 billion in 2011/12 at an average annual rate of 9.5 per cent.

## Additional tables

**Table 24.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	140.4	100.6	97.5	146.8	–	146.8	135.8
2. ICT International Affairs and Trade	44.2	42.8	43.1	41.2	–	41.2	54.2
3. ICT Policy Development	86.8	78.3	54.9	92.0	(15.0)	77.0	77.0
4. ICT Enterprise Development	1 058.2	1 609.0	1 619.9	1 321.5	7.9	1 329.4	1 327.4
5. ICT Infrastructure Development	65.8	65.8	69.1	90.5	600.0	690.5	690.5
6. Presidential National Commission	28.1	28.1	27.3	31.6	15.0	46.6	46.6
<b>Total</b>	<b>1 423.5</b>	<b>1 924.5</b>	<b>1 911.8</b>	<b>1 723.6</b>	<b>607.9</b>	<b>2 331.5</b>	<b>2 331.5</b>

  

Economic classification							
<b>Current payments</b>	<b>321.7</b>	<b>312.6</b>	<b>311.0</b>	<b>363.8</b>	<b>10.0</b>	<b>373.8</b>	<b>373.8</b>
Compensation of employees	107.9	103.6	97.7	127.9	–	127.9	127.9
Goods and services	213.8	209.0	213.2	235.9	10.0	245.9	245.9
Financial transactions in assets and liabilities	–	–	0.1	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 094.3</b>	<b>1 604.3</b>	<b>1 592.3</b>	<b>1 351.6</b>	<b>597.9</b>	<b>1 949.5</b>	<b>1 949.5</b>
Provinces and municipalities	0.0	0.0	0.1	–	–	–	–
Departmental agencies and accounts	300.6	310.6	324.6	337.1	7.9	345.0	345.0
Public corporations and private enterprises	790.3	1 290.3	1 264.4	1 011.4	590.0	1 601.4	1 601.4
Foreign governments and international organisations	1.4	1.4	1.2	0.7	–	0.7	0.7
Non-profit institutions	2.0	2.0	2.0	2.5	–	2.5	2.5
Households	–	–	0.1	–	–	–	–
<b>Payments for capital assets</b>	<b>7.5</b>	<b>7.5</b>	<b>8.5</b>	<b>8.2</b>	<b>–</b>	<b>8.2</b>	<b>8.2</b>
Machinery and equipment	7.5	7.5	8.2	8.2	–	8.2	8.2
Software and intangible assets	–	–	0.3	–	–	–	–
<b>Total</b>	<b>1 423.5</b>	<b>1 924.5</b>	<b>1 911.8</b>	<b>1 723.6</b>	<b>607.9</b>	<b>2 331.5</b>	<b>2 331.5</b>

**Table 24.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	88.4	99.0	96.5	126.7	146.9	153.9	161.8
Unit cost (R million)	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Personnel numbers (head count)	341	326	286	302	364	429	429
<b>Interns</b>							
Compensation of interns (R million)	–	–	1.2	1.2	1.3	1.4	1.5
Unit cost (R million)	–	–	0.0	0.0	0.0	0.0	0.1
Number of interns	–	–	27	30	30	30	30
<b>Total for department</b>							
Compensation (R million)	88.4	99.0	97.7	127.9	148.2	155.3	163.3
Unit cost (R million)	0.3	0.3	0.3	0.4	0.4	0.3	0.4
Personnel numbers (head count)	341	326	313	332	394	459	459

**Table 24.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	88.4	99.0	103.6	127.9	149.2	156.8	164.9
Training expenditure (R million)	3.3	3.1	3.7	6.0	7.5	7.8	8.2
Training as percentage of compensation	3.8%	3.1%	3.5%	4.7%	5.0%	5.0%	5.0%
Total number trained in department (head count)	258	284	241	185			
of which:							
Employees receiving bursaries (head count)	17	29	50	50			
Leaverships trained (head count)	2	1	–	–			
Internships trained (head count)	–	–	29	30			

**Table 24.D Summary of departmental public private partnership projects**

Project description: 112 Emergency call centre

R million	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2008/09	2009/10	2010/11	2011/12
<b>Projects signed in terms of Treasury Regulation 16</b>	<b>84.1</b>	–	–	–	–
PPP unitary charge	81.5	–	–	–	–
Advisory fees	2.6	–	–	–	–
<b>Projects in preparation, registered in terms of Treasury Regulation 16<sup>1</sup></b>	<b>94.1</b>	<b>96.1</b>	<b>100.9</b>	<b>106.4</b>	<b>111.3</b>
PPP unitary charge	89.9	94.4	99.1	104.5	109.2
Advisory fees	2.6	–	–	–	–
Project monitoring cost	1.6	1.7	1.8	1.9	2.0
<b>Total</b>	<b>178.2</b>	<b>96.1</b>	<b>100.9</b>	<b>106.4</b>	<b>111.3</b>

1. Only projects that have received Treasury Approval: 1

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	112 private public partnership
Brief description	The strategic focus for the 112 project is to integrate all emergency numbers into one national number for reporting emergencies
Duration of PPP agreement	6 years
Escalation index for unitary fee	CPIX estimates 5%

Table 24.E Summary of expenditure on infrastructure

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)											
	Sentech: National wholesale broadband network			-	-	-	500.0	-	-	-	-
	Telkom infrastructure transfers			-	-	-	-	600.0	450.0	150.0	-
Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)											
	Sentech: 2010 FIFA World Cup			-	-	-	-	200.0	100.0	-	-
Total				-	-	-	500.0	800.0	550.0	150.0	-



# Vote 25

## Environmental Affairs and Tourism

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	217.5	215.8	–	1.7	246.7	286.6
Environmental Quality and Protection	293.9	121.7	161.6	10.6	313.2	347.1
Marine and Coastal Management	583.6	232.9	205.0	145.7	933.5	987.5
Tourism	750.3	35.3	714.8	0.3	753.9	780.7
Biodiversity and Conservation	413.3	49.7	363.5	0.1	434.4	463.9
Sector Services and International Relations	1 222.1	160.6	1 061.2	0.3	1 202.3	1 281.6
<b>Total expenditure estimates</b>	<b>3 480.8</b>	<b>816.0</b>	<b>2 506.1</b>	<b>158.8</b>	<b>3 884.1</b>	<b>4 147.5</b>
Executive authority	Minister of Environmental Affairs and Tourism					
Accounting officer	Director-General of Environmental Affairs and Tourism					
Website address	www.deat.gov.za					

### Aim

*The aim of the Department of Environmental Affairs and Tourism is to lead sustainable development of South Africa's environment and tourism for a better life for all.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide strategic leadership, centralised administration and executive support, and corporate services.

#### Programme 2: Environmental Quality and Protection

**Purpose:** Protect and improve the quality and safety of the environment to give effect to the right of all South Africans to an environment that is not harmful to health and wellbeing.

#### Programme 3: Marine and Coastal Management

**Purpose:** Promote the conservation and sustainable use of marine and coastal resources to contribute to economic growth and poverty alleviation.

#### Programme 4: Tourism

**Purpose:** Create conditions for the sustainable tourism growth and development for the benefit of all South Africans.

#### Programme 5: Biodiversity and Conservation

**Purpose:** Promote the conservation and sustainable use of natural resources to contribute to economic growth and poverty alleviation.

## **Programme 6: Sector Services and International Relations**

**Purpose:** Create conditions for effective corporate and cooperative governance, international cooperation, business performance and the implementation of poverty alleviation projects.

### **Strategic overview: 2005/06 – 2011/12**

In line with its vision of creating an equitable society living in harmony with the natural environment, the department's key strategic priorities include: creating conditions for sustainable tourism growth and development; promoting the conservation and sustainable utilisation of natural resources; protecting and improving the quality and safety of the environment; promoting a global sustainable development agenda; and transforming the environment and tourism sectors. The department also prioritises poverty alleviation through implementing expanded public works programme projects in the environment and tourism sectors.

#### *Sustainable tourism*

The 2010 FIFA World Cup provides an ideal opportunity for raising awareness about South Africa as a tourist destination and securing repeat visitors based on the tourism experience during the event. Over the MTEF period, South Africa's reputation as a choice tourism destination will be strengthened by expanding the tourism product base, assuring the quality of tourism products and services, and creating adequate capacity to service the needs of the tourism industry.

Implementing the tourism broad based black economic empowerment (BEE) framework remains a priority, with 60 per cent of the 2014 targets to be met by 2011/12. This also applies to small, medium and micro enterprises (SMMEs). The department intends to enable 2 140 SMMEs to access transactional opportunities from established tourism enterprises between 2009/10 and 2011/12. International tourism marketing efforts are expected to result in significant growth in the number of tourism arrivals, from the current 9.1 million per year to 11.9 million by 2011/12.

#### *Conservation and use of natural resources*

Following Cabinet's approval of the Waste Management Bill in July 2008, the department aims to improve waste management practices in the country by providing 85 per cent of the current 580 unauthorised waste disposal sites with permits, provided they meet the standard requirements. Local government's waste management services will be improved by implementing a policy framework and capacity development initiatives. The recycling industry will be developed by implementing the regulations on plastic bags. Government's ability to identify and prosecute environmental transgressions will be strengthened by increasing the number of environmental inspectors at the national, provincial and local government level, and within South African National Parks.

The number of municipalities with poor ambient air quality will be significantly reduced over the medium term. The Air Quality Management Act (2008), which repealed the Atmospheric Pollution Prevention Act (1965), now regulates all industrial emissions, including particulates and other pollutants. The 2008 act introduced a specified limit for emissions per pollutant, and from September 2012, all industries will be expected to meet the new industrial emissions standards. Sulphur dioxide emissions, for example, will be 4 000 mg/m<sup>3</sup> within three years from September 2009, and this will further be reduced to 400 mg/m<sup>3</sup> by September 2017.

Long term mitigation scenarios for climate change were developed and presented to Cabinet in 2008. These scenarios provide a scientific base for climate change to be factored into future policies and plans for South Africa's growth and development. The department will lead the development of South Africa's multidisciplinary and multisectoral climate change response policy.

Service levels for the adjudication of environmental impact assessments will increase significantly from 80 per cent of all new applications being processed within the required statutory timeframe of 45 days for a basic assessment application in 2008/09 to 98 per cent in 2011/12. The department will also ensure that adequate systems and capacity are in place to meet the demand for environmental impact assessment adjudications across the country. To this end, general and sector specific procedural guidelines have been

completed to avoid delays of strategically important developments, such as water services and energy infrastructure.

The electricity response plan, aimed at accelerating the processing of environmental impact assessment applications for energy infrastructure, such as power stations, has also been completed. The department will collaborate with the Department of Minerals and Energy, Eskom and the Department of Public Enterprises to ensure adequate human resources for assessing and issuing records of decision.

The strategy on the expansion of protected areas has been completed to ensure that all ecosystems and geographic areas are represented in the conservation estate. Effective management systems for the existing conservation and heritage estate will also be put in place. The department will ensure the protection of indigenous biodiversity from irregular exploitation through improving local indigenous knowledge and beneficiation. Regulations for bio-prospecting and alien invasive species have already been developed.

The department has also identified a need to attract infrastructure investment in the transfrontier conservation areas. To promote collaboration with transfrontier stakeholders, the department will support the Southern African Development Community (SADC) UniVisa project, which will facilitate the movement of tourists between countries in the region by reducing visa requirements during the 2010 FIFA World Cup.

South Africa's Antarctica research programme, based on the meteorological observation stations at Antarctica and Marion and Gough islands, is benefiting from the replacement of the old research base at Marion Island, and will receive a further boost when the research vessel and equipment are replaced.

The department will also promote marine fish farming to mitigate the impact of depleting global fish stocks, and establish pilot projects to test the viability of specific fish species for farming. The marine aquaculture policy framework has been established to ensure a standardised approach to fish farming.

#### *Promoting the global agenda*

Providing support to international negotiations and relations to promote South Africa's global sustainable development and tourism agenda remains a priority. The department continues to focus on mobilising bilateral and multilateral financial and technical resources in support of national and regional environment and tourism projects.

#### *Transformation*

Over the medium term, the department will continue to focus on creating employment and skills development opportunities for poor communities through implementing the environment and tourism expanded public works programme. This includes implementing the national youth programme and other poverty alleviation programmes for coastal communities.

## **Selected performance and operations indicators**

**Table 25.1 Environmental Affairs and Tourism**

Indicator	Programme	Past			Current	Projected		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Percentage of all new national environmental impact management applications processed within stipulated timeframes	Environmental Quality and Protection	–	–	80	85	90	95	98
Number of unauthorised waste disposal sites per year		–	–	580	406	290	116	87
Total number of environmental management inspectors designated		300	700	750	950	1 000	1 200	1 500
Total number of ambient air quality monitoring stations established		–	6	11	18	24	30	36
Total number of annual relief voyages for South African research teams at Antarctica and Marion and Gough islands	Marine and Coastal Management	3	3	3	3	3	3	3

Table 25.1 Environmental Affairs and Tourism (continued)

Indicator	Programme	Past			Current	Projected		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of tourism SMMEs trained in tourism related business skills	Tourism	1 900	2 600	3 700	4 600	5 000	5 500	6 000
Number of new transactional business linkages facilitated between SMMEs and established business, through the Tourism Enterprise Partnership		–	–	550	605	665	725	750
Number of new tourist guides trained and registered		–	–	135	145	160	160	160
Number of new 2010 FIFA World Cup tourism ambassadors trained		–	–	–	2 500	2 500	–	–
Number of new bio-prospecting agreements concluded	Biodiversity and Conservation	–	–	–	–	5	10	10
Number of new cross-border tourist access facilities established within the transfrontier conservation areas		–	1	2	1	1	1	1
Number of new temporary jobs created through expanded public works programme projects	Sector Services and International Relations	15 994	13 887	29 277	14 000	27 563	27 712	29 356
Number of new permanent jobs created through expanded public works programme projects		301	459	430	200	409	439	236
Number of new person training days created		–	–	–	–	69 525	72 682	70 652

## Expenditure estimates

Table 25.2 Environmental Affairs and Tourism

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	144.2	167.3	193.1	194.1	194.1	217.5	246.7	286.6
2. Environmental Quality and Protection	185.3	199.2	241.5	270.1	270.1	293.9	313.2	347.1
3. Marine and Coastal Management	262.4	324.0	349.3	429.0	429.0	583.6	933.5	987.5
4. Tourism	427.2	547.2	612.5	690.8	690.8	750.3	753.9	780.7
5. Biodiversity and Conservation	283.2	279.6	359.8	396.6	396.6	413.3	434.4	463.9
6. Sector Services and International Relations	473.3	542.3	1 032.5	1 226.0	1 226.0	1 222.1	1 202.3	1 281.6
<b>Total</b>	<b>1 775.7</b>	<b>2 059.7</b>	<b>2 788.8</b>	<b>3 206.6</b>	<b>3 206.6</b>	<b>3 480.8</b>	<b>3 884.1</b>	<b>4 147.5</b>
Change to 2008 Budget estimate				144.9	144.9	33.9	121.4	533.3

Table 25.2 Environmental Affairs and Tourism (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>511.7</b>	<b>543.8</b>	<b>663.9</b>	<b>765.2</b>	<b>765.2</b>	<b>816.0</b>	<b>916.8</b>	<b>1 040.4</b>
Compensation of employees	209.7	262.5	342.2	413.2	413.2	432.8	477.0	514.4
Goods and services	301.9	281.1	321.5	352.0	352.0	383.2	439.7	525.9
<i>of which:</i>								
Administrative fees	0.5	1.2	0.6	0.4	0.4	0.6	0.7	0.8
Advertising	5.8	7.8	6.3	6.3	6.3	8.5	9.8	11.6
Assets less than R5 000	4.6	3.1	4.2	1.3	1.3	1.8	2.1	2.4
Audit costs: External	0.1	3.1	3.4	3.6	3.6	4.2	4.9	5.8
Bursaries (employees)	0.5	0.5	0.5	0.2	0.2	0.5	0.6	0.7
Catering: Departmental activities	0.9	1.7	2.1	2.1	2.1	2.9	3.3	3.9
Communication	6.9	8.0	7.6	8.9	8.9	12.5	14.4	16.9
Computer services	7.6	7.0	6.0	11.0	11.0	13.0	15.1	17.5
Consultants and professional services: Business and advisory services	175.4	112.6	127.6	114.0	114.0	108.5	124.5	146.7
Consultants and professional services: Legal costs	1.6	1.2	1.5	0.7	0.7	0.9	1.1	1.3
Contractors	3.5	5.6	8.6	12.4	12.4	19.1	22.3	24.7
Agency and support / outsourced services	4.1	2.1	2.3	0.1	0.1	0.2	0.3	0.3
Entertainment	0.7	0.6	0.2	0.1	0.1	0.2	0.2	0.2
Inventory: Food and food supplies	0.9	1.4	3.5	0.5	0.5	0.5	0.6	0.6
Inventory: Fuel, oil and gas	4.3	5.8	5.7	10.9	10.9	7.8	8.2	8.6
Inventory: Materials and supplies	0.2	0.9	1.7	0.6	0.6	0.7	0.7	0.8
Inventory: Other consumables	0.3	0.6	0.7	1.5	1.5	1.9	2.1	2.4
Inventory: Stationery and printing	3.4	4.1	4.8	6.0	6.0	7.7	8.8	10.4
Lease payments	5.8	33.1	37.6	49.8	49.8	61.3	71.5	83.5
Owned and leasehold property expenditure	0.0	4.1	1.0	1.0	1.0	1.2	1.4	1.6
Transport provided: Departmental activities	0.0	0.1	0.0	0.4	0.4	0.9	1.1	1.3
Travel and subsistence	52.4	53.8	60.1	78.9	78.9	72.1	84.7	106.4
Training and development	9.4	3.8	5.3	3.0	3.0	3.5	4.0	4.7
Operating expenditure	7.5	8.9	16.1	17.8	17.8	20.4	21.7	23.8
Venues and facilities	5.5	9.5	14.1	20.4	20.4	31.9	35.3	48.7
Financial transactions in assets and liabilities	0.2	0.2	0.2	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 207.8</b>	<b>1 506.0</b>	<b>2 114.5</b>	<b>2 427.3</b>	<b>2 427.3</b>	<b>2 506.1</b>	<b>2 484.4</b>	<b>2 588.7</b>
Provinces and municipalities	0.6	0.2	–	–	–	–	–	–
Departmental agencies and accounts	806.6	1 042.2	1 373.7	1 565.8	1 565.8	1 638.4	1 538.8	1 610.7
Universities and technikons	–	–	0.3	–	–	–	–	–
Foreign governments and international organisations	6.0	12.4	–	9.0	9.0	9.0	9.0	9.0
Non-profit institutions	12.0	44.6	87.9	94.2	94.2	91.0	64.9	44.9
Households	382.7	406.6	652.6	758.3	758.3	767.6	871.7	924.1
<b>Payments for capital assets</b>	<b>56.1</b>	<b>9.9</b>	<b>10.3</b>	<b>14.0</b>	<b>14.0</b>	<b>158.8</b>	<b>482.9</b>	<b>518.4</b>
Buildings and other fixed structures	44.8	–	–	–	–	–	–	–
Machinery and equipment	10.8	7.0	10.1	13.7	13.7	158.4	482.5	518.0
Software and other intangible assets	0.5	2.9	0.2	0.3	0.3	0.3	0.4	0.4
<b>Total</b>	<b>1 775.7</b>	<b>2 059.7</b>	<b>2 788.8</b>	<b>3 206.6</b>	<b>3 206.6</b>	<b>3 480.8</b>	<b>3 884.1</b>	<b>4 147.5</b>

## Expenditure trends

Between 2005/06 and 2008/09, expenditure increased from R1.8 billion to R3.2 billion at an average annual rate of 21.8 per cent. This was mainly due to increased expenditure in the *Sector Services and International Relations* programme for infrastructure development in the parks; the weather service; and poverty relief projects. Over the medium term, expenditure grows more moderately at an average annual rate of 9.4 per cent due to additional allocations for other large capital projects, such as the replacement of the polar supply vessel. Transfers and subsidies to departmental agencies and accounts, and to households, account for a significant portion of the total budget, constituting 76 per cent of the annual allocation in 2008/09 and 62 per cent in 2011/12.

New allocations to the baseline are R33.9 million in 2009/10, R121.4 million in 2010/11, and R533.3 million in 2011/12. These are to provide for inflation adjustments, baseline adjustments, research on climate change and the development of a national climate change policy, and Buyisa-e-Bag. In 2011/12, an additional R300 million is allocated for the polar research vessel, which accounts for the increase in payments for capital assets. R60 million is allocated for the extension of the South African National Parks infrastructure development programme.

### Savings and reprioritisation

Cost containment measures over the medium term have been identified within the department, totalling R31.6 million, R38.5 million and R43.7 million in compensation of employees and goods and services.

### Infrastructure spending

*Marine and Coastal Management* receives funding of R144.5 million in 2009/10, R467.3 million in 2010/11 and R501.5 million in 2011/12 for the acquisition of the polar research vessel to replace the SA Agulhas. This vessel will provide logistical support to the three research bases located at Antarctica, and Marion and Gough islands.

Infrastructure projects in the *Sector Services and International Relations* programme include the South African Weather Service replacing weather radars, and South African National Parks and iSimangaliso Wetland Park Authority upgrading tourism accommodation and facilities in preparation for the 2010 FIFA World Cup.

## Departmental receipts

The department receives revenue mainly from environmental impact assessments. Over the MTEF period, revenue is expected to grow at an average annual rate of 10.6 per cent, from R654 000 in 2009/10 to R800 000 in 2011/2012.

**Table 25.3 Departmental receipts**

	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
<b>Departmental receipts</b>	<b>2 850</b>	<b>4 863</b>	<b>4 735</b>	<b>4 412</b>	<b>4 412</b>	<b>654</b>	<b>751</b>	<b>800</b>
Sales of goods and services produced by department	249	247	327	500	500	534	626	670
Transfers received	–	–	362	362	362	–	–	–
Fines, penalties and forfeits	–	–	2	–	–	–	–	–
Interest, dividends and rent on land	38	52	81	100	100	120	125	130
Sales of capital assets	400	–	161	–	–	–	–	–
Financial transactions in assets and liabilities	2 163	4 564	3 802	3 450	3 450	–	–	–
<b>Total</b>	<b>2 850</b>	<b>4 863</b>	<b>4 735</b>	<b>4 412</b>	<b>4 412</b>	<b>654</b>	<b>751</b>	<b>800</b>

## Programme 1: Administration

**Table 25.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.9	0.9	1.0	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.6	0.7	0.8	1.3	1.4	1.5	1.6
Director-General	1.8	2.0	2.8	1.9	3.2	3.5	3.8
Ministry	19.2	19.0	23.3	20.5	27.0	31.3	35.7
Corporate Affairs	1.3	0.8	1.3	3.5	4.4	4.9	4.3
Communications	30.3	19.9	21.2	17.4	20.8	24.5	27.9
Internal Audit	0.8	1.8	2.3	2.1	2.5	3.1	3.7
Office of the Chief Financial Officer	11.1	16.2	18.8	19.5	24.9	27.7	34.7
Information Technology and Administration	31.7	37.1	42.4	50.2	42.5	48.8	63.3
Property Management	29.5	31.3	38.9	38.4	43.2	48.1	51.8
Human Resources and Transformation	14.0	33.7	33.6	30.4	35.2	39.1	43.5
Legal Services	2.8	3.9	6.8	7.4	10.6	12.3	14.5
<b>Total</b>	<b>144.2</b>	<b>167.3</b>	<b>193.1</b>	<b>194.1</b>	<b>217.5</b>	<b>246.7</b>	<b>286.6</b>
Change to 2008 Budget estimate				(4.3)	8.4	19.9	45.5

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

### Economic classification

	136.8	160.3	188.7	192.6	215.8	244.9	284.7
<b>Current payments</b>							
Compensation of employees	46.2	44.9	78.4	80.7	88.2	96.9	111.5
Goods and services	90.4	115.3	110.3	111.9	127.6	147.9	173.2
of which:							
Administrative fees	0.3	0.7	0.2	0.1	0.1	0.2	0.2
Advertising	2.5	4.1	2.3	2.3	2.7	3.2	3.7
Assets less than R5 000	1.4	1.3	1.3	0.7	0.8	0.9	1.1
Audit costs: External	–	3.1	3.4	3.6	4.2	4.9	5.8
Catering: Departmental activities	0.6	0.7	0.8	0.8	1.0	1.1	1.3
Communication	5.7	6.6	5.5	5.7	6.8	7.9	9.2
Computer services	7.2	5.3	4.8	8.0	9.5	11.1	12.9
Consultants and professional services: Business and advisory services	26.1	20.7	25.8	9.8	8.7	8.6	10.4
Consultants and professional services: Legal costs	0.1	0.3	0.5	0.3	0.3	0.4	0.4
Contractors	2.6	4.1	4.2	5.9	7.1	8.2	9.6
Agency and support / outsourced services	1.1	1.6	2.3	0.0	0.0	0.0	0.0
Entertainment	0.6	0.4	0.1	0.1	0.1	0.1	0.1
Inventory: Fuel, oil and gas	0.3	0.3	0.4	0.6	0.7	0.8	1.0
Inventory: Other consumables	0.2	0.3	0.3	0.5	0.7	0.8	0.9
Inventory: Stationery and printing	1.9	1.8	1.8	1.9	2.2	2.6	3.0
Lease payments	3.9	31.5	31.2	47.6	56.7	66.3	77.2
Owned and leasehold property expenditure	–	4.0	0.9	0.9	1.1	1.2	1.4
Travel and subsistence	20.8	18.7	17.3	18.4	18.9	22.6	26.8
Training and development	8.7	2.9	2.2	0.5	0.6	0.7	0.8
Operating expenditure	4.1	2.2	2.4	1.8	2.2	2.5	2.9
Venues and facilities	1.8	4.0	1.9	2.4	2.9	3.4	4.0
Financial transactions in assets and liabilities	0.2	0.1	0.0	–	–	–	–



Table 25.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>0.7</b>	<b>1.2</b>	<b>0.3</b>	–	–	–	–
Provinces and municipalities	0.2	0.0	–	–	–	–	–
Households	0.5	1.2	0.3	–	–	–	–
<b>Payments for capital assets</b>	<b>6.8</b>	<b>5.8</b>	<b>4.2</b>	<b>1.5</b>	<b>1.7</b>	<b>1.8</b>	<b>1.9</b>
Machinery and equipment	6.3	3.0	4.0	1.3	1.7	1.8	1.9
Software and other intangible assets	0.5	2.7	0.1	0.2	0.0	0.0	0.0
<b>Total</b>	<b>144.2</b>	<b>167.3</b>	<b>193.1</b>	<b>194.1</b>	<b>217.5</b>	<b>246.7</b>	<b>286.6</b>

## Expenditure trends

Expenditure in the *Administration* programme increased at an average annual rate of 10.4 per cent from R144.2 million in 2005/06 to R194.1 million in 2008/09, and is expected to increase to R286.6 million in 2011/12, an average annual rate of 13.9 per cent over the medium term.

The devolution of funds for accommodation from the Department of Public Works (from April 2006) is one of the main reasons for the increase in this programme. Over the medium term, the department receives R43.2 million, R48.1 million and R51.8 million.

Over the MTEF period, the *Administration* programme receives allocations of R4 million, R6.5 million and R10.5 million for implementing the master systems plan, a comprehensive IT systems plan required for the delivery of departmental services.

## Programme 2: Environmental Quality and Protection

- *Environmental Quality and Protection Management* provides for the administration of the overall programme activities.
- *Regulatory Services* ensures that compliance with all environmental legislation is effectively monitored and that enforcement measures are taken against cases of non-compliance.
- *Pollution and Waste Management* aims to reduce the impact of waste on safety, health and the environment, and encourage cleaner industrial production, waste minimisation and recycling.
- *Environmental Impact Management* ensures that the possible negative impacts of significant new developments are avoided, mitigated or managed to bring about an environment that is not harmful to the health and wellbeing of current and future generations.
- *Air Quality Management and Climate Change* ensures that the possible negative impacts of air pollution on air and atmospheric quality are avoided, mitigated or managed.
- *Buyisa-e-Bag*, a section 21 company, has been established to facilitate the recycling of plastic bags through buy-back centres and to promote the use of recycled plastic in accordance with the regulations on plastic bags.
- *South African Weather Service* makes transfer payments to the public entity responsible for meteorological services.

Funding in the first five subprogrammes is mainly used for salaries, and other personnel related costs, while funds in the last three subprogrammes is disbursed on the basis of approved business plans and service level agreements between the department and the entities.

## Objectives and measures

- Minimise non-compliance with environmental legislation by increasing the number of environmental management inspectors in all spheres of government from 750 in 2007/08 to 1 500 in 2011/12.
- Prevent and reduce pollution by:
  - reducing the number of unauthorised waste disposal sites by 85 per cent in 2011/12

- training officials in 91 municipalities to facilitate universal access to basic waste management services by 2009/10.
- Increase the turnaround time for processing basic national environmental impact assessment applications from 80 per cent of new applications processed within 45 days in 2007/08 to 98 per cent in 2012.
- Improve air and atmospheric quality by:
  - reducing the number of metropolitan and district municipalities with ambient air quality problems by 90 per cent in 2011/12, by ensuring alignment of municipal ambient air quality management plans with national norms and standards through an annual review of these plans
  - increasing the number of ambient air quality monitoring stations that provide information to the South African Air Quality Information System from 18 in 2008/09 to 36 in 2011/12.
- Establish a coherent approach to climate change response for South Africa by developing a climate change response policy by 2011/12.

## Service delivery and spending focus

The number of unauthorised waste disposal sites reduced by 8 per cent in the first three quarters of 2008/09. Since 2008/09, training for environmental management inspectors has been offered by the University of Pretoria and the University of South Africa, and approximately 975 inspectors have been trained and designated. About 250 officials were trained in the administration of environmental impact assessments and 85 per cent of all new national applications were processed within prescribed timeframes.

In 2008, guidelines were also put in place for the Eskom electricity response plan.

An air quality management plan for the Vaal Triangle air-shed priority area was developed in 2007/08. 6 ambient air quality monitoring stations are operational in the area. The Highveld area in Mpumalanga was declared the second national priority area. 5 ambient air quality monitoring stations are operational in this area. Air quality management planning and atmospheric emission licensing manuals were published, and 300 officials from all spheres of government were trained on their use. Registration certificates of industries responsible for 80 per cent of the national industrial emissions were reviewed to ensure alignment and compliance with the statutory requirements.

Over the MTEF period, the department's spending focus will be directed towards the monitoring of compliance, ensuring environmental law enforcement, building capacity across all spheres of government, and designating and registering environmental management inspectors on the national register. Policy development, waste minimisation interventions, and authorisation of permits for waste disposal sites will also be key areas of focus. In addition, the department intends to: process national environmental impact assessment applications and develop the necessary capacity to predetermine the potential use of specific environments; monitor and manage air quality, and ensure that information is readily available for informed decision making; support local government with air quality management planning and capacity building; and develop a climate change response policy.

## Expenditure estimates

**Table 25.5 Environmental Quality and Protection**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Environmental Quality and Protection Management	5.2	4.7	5.6	7.9	6.5	6.9	7.3
Regulatory Services	12.7	13.1	17.6	18.7	19.5	24.9	32.2
Pollution and Waste Management	15.4	12.0	19.7	28.3	28.3	29.6	39.9
Environmental Impact Management	18.0	29.8	31.6	35.1	39.4	40.3	41.8
Air Quality Management and Climate Change	18.3	25.2	26.9	35.1	39.7	45.9	47.5
Buyisa-e-Bag	12.0	–	20.0	20.0	30.0	35.0	40.0
South African Weather Service	103.7	114.4	120.1	124.9	130.5	130.5	138.4
<b>Total</b>	<b>185.3</b>	<b>199.2</b>	<b>241.5</b>	<b>270.1</b>	<b>293.9</b>	<b>313.2</b>	<b>347.1</b>
Change to 2008 Budget estimate				1.2	15.5	25.4	42.0

**Table 25.5 Environmental Quality and Protection (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>68.7</b>	<b>73.8</b>	<b>97.5</b>	<b>113.2</b>	<b>121.7</b>	<b>134.9</b>	<b>154.7</b>
Compensation of employees	21.0	27.5	41.1	53.2	55.4	58.6	65.5
Goods and services	47.7	46.3	56.4	60.0	66.3	76.3	89.3
of which:							
Advertising	1.1	2.1	1.0	2.0	2.1	2.5	2.9
Assets less than R5 000	0.6	0.8	0.9	0.2	0.2	0.2	0.2
Catering: Departmental activities	0.2	0.2	0.3	0.4	0.5	0.5	0.6
Communication	0.2	0.2	0.3	0.4	0.5	0.6	0.6
Computer services	0.0	1.4	0.9	1.9	2.1	2.4	2.8
Consultants and professional services: Business and advisory services	33.0	25.4	32.7	32.2	36.1	41.5	48.6
Consultants and professional services: Legal costs	1.3	0.9	0.3	0.1	0.1	0.2	0.2
Contractors	0.1	0.2	0.9	0.1	0.1	0.1	0.1
Inventory: Stationery and printing	0.5	1.0	0.8	0.8	0.9	1.0	1.2
Lease payments	0.3	0.2	0.2	0.4	0.4	0.5	0.5
Travel and subsistence	6.9	8.5	11.1	15.5	16.8	19.4	22.7
Training and development	0.1	0.6	2.8	1.2	1.3	1.5	1.8
Operating expenditure	0.9	1.7	1.5	1.4	1.5	1.8	2.1
Venues and facilities	2.4	2.4	2.6	3.0	3.3	3.8	4.4
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>115.7</b>	<b>123.4</b>	<b>141.9</b>	<b>146.0</b>	<b>161.6</b>	<b>166.6</b>	<b>179.4</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	103.7	114.4	120.1	124.9	130.5	130.5	138.4
Foreign governments and international organisations	–	8.0	–	–	–	–	–
Non-profit institutions	12.0	0.8	21.1	21.1	31.1	36.1	41.1
Households	–	0.2	0.6	–	–	–	–
<b>Payments for capital assets</b>	<b>0.8</b>	<b>2.0</b>	<b>2.2</b>	<b>10.9</b>	<b>10.6</b>	<b>11.8</b>	<b>12.9</b>
Machinery and equipment	0.8	2.0	2.2	10.8	10.3	11.4	12.6
Software and other intangible assets	–	–	0.0	0.1	0.3	0.4	0.4
<b>Total</b>	<b>185.3</b>	<b>199.2</b>	<b>241.5</b>	<b>270.1</b>	<b>293.9</b>	<b>313.2</b>	<b>347.1</b>

**Details of selected transfers and subsidies**

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>103.7</b>	<b>114.4</b>	<b>120.1</b>	<b>124.9</b>	<b>130.5</b>	<b>130.5</b>	<b>138.4</b>
South African Weather Service	103.7	114.4	120.1	124.9	130.5	130.5	138.4
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>–</b>	<b>8.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Foreign governments	–	8.0	–	–	–	–	–
<b>Non-profit institutions</b>							
<b>Current</b>	<b>12.0</b>	<b>0.8</b>	<b>21.1</b>	<b>21.1</b>	<b>31.1</b>	<b>36.1</b>	<b>41.1</b>
Buyisa-e-Bag	12.0	–	20.0	20.0	30.0	35.0	40.0
South African Climate Action Network	–	0.8	0.6	–	–	–	–
National Associations for Clean Air	–	–	0.5	0.6	0.6	0.6	0.6
National Off-Road Workshop	–	–	–	0.5	0.5	0.5	0.5

**Expenditure trends**

Expenditure grew steadily from R185.3 million in 2005/06 to R270.1 million in 2008/09 at an average annual rate of 13.4 per cent, and continues to rise at an average annual rate of 8.7 per cent to reach R347.1 million in 2011/12.

The *Air Quality Management and Climate Change* subprogramme receives an additional R55 million over the MTEF period for purchasing air quality monitoring equipment (R15 million, R20 million, and R20 million).

These allocations will result in a baseline growth at an average annual rate of 10.6 per cent over the medium term.

Section 21 company, Buyisa-e-Bag, receives an additional R45 million over the MTEF period to implement recycling projects (R10 million, R15 million, and R20 million).

Expenditure in the *Regulatory Services* subprogramme increases from R19.5 million in 2009/10 to R32.2 million in 2011/12 to strengthen compliance and enforcement capacity, thus driving growth in compensation of employees and associated goods and services, as well as capital expenditure.

## Programme 3: Marine and Coastal Management

- *Administrative Support Services* provides for the administration of the overall programme activities.
- *Antarctic Supply Vessel* provides sea transport for research at the meteorological observation stations at Antarctica and Marion and Gough islands. Funding is provided for operating the vessel.
- *Antarctic and Island Research* manages the South African national Antarctic programme and the three bases located at Antarctica and Marion and Gough islands. Funding is mainly used for maintenance and logistical support.
- *Marine Living Resources Fund* makes transfers to the public entity responsible for the management and sustainable use of marine and coastal resources to supplement the revenue received. Funding is based on the approved business plan of the entity.

### Objectives and measures

- Provide for South Africa's research needs at Antarctica and Marion and Gough islands by providing 3 sea voyages per year to the research teams.
- Maintain high quality research output from Antarctica and the islands by establishing new bases at Prince Edward and Gough islands by 2010/11, and by replacing the SA Agulhas research vessel by 2011/12.

### Service delivery and spending focus

All relief voyages to Antarctica and the islands have been carried out successfully, and the replacement of the Marion Island research base is complete.

### Expenditure estimates

**Table 25.6 Marine and Coastal Management**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Administrative Support Services	76.5	89.2	117.0	151.7	155.0	172.5	182.1
Antarctic Supply Vessel	15.8	22.3	10.5	34.0	181.5	504.2	539.0
Antarctic and Island Research	76.8	49.5	74.0	48.0	42.1	46.6	48.2
Marine Living Resources Fund	93.3	163.1	147.8	195.4	205.0	210.2	218.3
<b>Total</b>	<b>262.4</b>	<b>324.0</b>	<b>349.3</b>	<b>429.0</b>	<b>583.6</b>	<b>933.5</b>	<b>987.5</b>
Change to 2008 Budget estimate				32.3	13.6	46.2	324.1

Table 25.6 Marine and Coastal Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>121.5</b>	<b>160.8</b>	<b>200.8</b>	<b>233.0</b>	<b>232.9</b>	<b>254.9</b>	<b>266.5</b>
Compensation of employees	87.0	102.4	127.6	170.6	170.1	190.3	199.8
Goods and services	34.5	58.4	73.2	62.5	62.8	64.5	66.7
<i>of which:</i>							
<i>Assets less than R5 000</i>	<i>0.4</i>	<i>0.1</i>	<i>0.4</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>
<i>Communication</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>1.1</i>	<i>1.2</i>	<i>1.2</i>	<i>1.3</i>
<i>Consultants and professional services: Business and advisory services</i>	<i>25.3</i>	<i>48.1</i>	<i>54.7</i>	<i>35.5</i>	<i>39.4</i>	<i>40.7</i>	<i>42.3</i>
<i>Contractors</i>	<i>0.2</i>	<i>0.3</i>	<i>1.3</i>	<i>0.7</i>	<i>0.8</i>	<i>0.8</i>	<i>0.9</i>
<i>Agency and support / outsourced services</i>	<i>2.0</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>
<i>Inventory: Food and food supplies</i>	<i>0.9</i>	<i>1.4</i>	<i>3.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.6</i>
<i>Inventory: Fuel, oil and gas</i>	<i>4.0</i>	<i>5.5</i>	<i>5.3</i>	<i>10.3</i>	<i>7.1</i>	<i>7.3</i>	<i>7.6</i>
<i>Inventory: Materials and supplies</i>	<i>0.0</i>	<i>0.6</i>	<i>1.3</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>
<i>Inventory: Other consumables</i>	<i>0.1</i>	<i>0.1</i>	<i>0.2</i>	<i>0.6</i>	<i>0.6</i>	<i>0.7</i>	<i>0.7</i>
<i>Lease payments</i>	<i>0.0</i>	<i>0.0</i>	<i>4.2</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Travel and subsistence</i>	<i>0.9</i>	<i>1.1</i>	<i>1.2</i>	<i>1.0</i>	<i>1.1</i>	<i>1.1</i>	<i>1.2</i>
<i>Operating expenditure</i>	<i>0.5</i>	<i>0.6</i>	<i>0.5</i>	<i>11.7</i>	<i>10.9</i>	<i>10.8</i>	<i>10.9</i>
Financial transactions in assets and liabilities	–	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>93.6</b>	<b>163.1</b>	<b>148.2</b>	<b>195.4</b>	<b>205.0</b>	<b>210.0</b>	<b>218.3</b>
Provinces and municipalities	0.2	0.1	–	–	–	–	–
Departmental agencies and accounts	93.3	163.1	147.8	195.4	205.0	210.0	218.3
Households	–	–	0.4	–	–	–	–
<b>Payments for capital assets</b>	<b>47.3</b>	<b>0.1</b>	<b>0.3</b>	<b>0.7</b>	<b>145.7</b>	<b>468.6</b>	<b>502.8</b>
Buildings and other fixed structures	44.8	–	–	–	–	–	–
Machinery and equipment	2.5	0.1	0.3	0.7	145.7	468.6	502.8
<b>Total</b>	<b>262.4</b>	<b>324.0</b>	<b>349.3</b>	<b>429.0</b>	<b>583.6</b>	<b>933.5</b>	<b>987.5</b>

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>46.0</b>	<b>101.1</b>	<b>126.6</b>	<b>195.4</b>	<b>205.0</b>	<b>210.0</b>	<b>218.3</b>
Marine Living Resources Fund	46.0	101.1	126.6	195.4	205.0	210.0	218.3
<b>Capital</b>	<b>47.3</b>	<b>61.9</b>	<b>21.2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Marine Living Resources Fund	47.3	61.9	21.2	–	–	–	–

## Expenditure trends

Expenditure is expected to increase at an average annual rate of 32 per cent over the MTEF period, from R429 million in 2008/09 to R987.5 million in 2011/12. The reason for this is the anticipated increase in expenditure in the *Antarctic Supply Vessel* subprogramme, at an average annual rate of 151.2 per cent over the medium term, due to the additional allocation of R1.1 billion for replacing the polar vessel.

## Public entities

### Marine Living Resources Fund

#### Strategic Overview: 2005/06 – 2011/12

The Marine Living Resources Fund (MLRF) was established in terms of section 10 of the Marine Living Resources Act (1998) to manage the development and sustainable use of South Africa's marine and coastal resources and to protect the integrity and quality of the country's marine and coastal ecosystem.

The fund's activities can be divided into four programmes:

- *Research, Antarctica and Islands* provides advice on the sustainable use of marine and coastal resources. Key activities include: conducting routine research surveys in all the major fisheries and providing advice on total allowable catch and total allowable effort for the major commercial fish species; conducting research assessments of marine biodiversity and ecosystems aimed at monitoring ecosystem health; and compiling reports on the physical environment of the oceans.
- *Integrated Coastal Management* manages a variety of human impacts on the coastal environment through regulating activities along the coastline. Key activities include: developing and implementing a legislative and policy framework for the protection and regulation of South Africa's coastal zone; promoting the growth of marine aquaculture in South Africa; identifying, designating and managing marine protected areas and estuaries; managing marine pollution from land based sources; and managing and regulating non-consumptive use of marine resources, including boat based whale watching and white shark cage diving activities.
- *Marine Resource Management* regulates the use of marine resources through administering fishing rights, permits and licenses. Key activities include: developing and implementing a policy framework for allocating and managing long term fishing rights in 20 commercial fishery sectors; facilitating and managing the transfer of commercial fishing rights; conserving and protecting seals, seabirds and shorebirds; and developing a policy and management framework for the subsistence fisheries sector. Other activities include: monitoring fish stocks to prevent overexploitation or negative impacts on the integrity of marine ecosystems and developing management strategies to rebuild depleted fish stocks.
- *Monitoring, Control and Surveillance* aims to prevent and reduce illegal marine activities. Key activities include: monitoring and inspecting land fish at slipways, harbours and fish processing establishments; monitoring the movement of fishing vessels and conducting routine vessel inspections at sea; and developing and implementing special operations in collaboration with other law enforcement partners, such as the South African Police Service and the National Prosecuting Authority.

The Marine Living Resources Fund will ensure equitable and sustainable use of marine and coastal resources to contribute to economic development by: administering fishing rights, permits and licences in identified fisheries sectors; conducting performance reviews for 40 per cent of commercial fishery sectors annually from 2009/10; allocating rights in one additional sector within the large pelagic sector; processing 100 per cent of commercial rights transfer applications; allocating rights in two non-consumptive sectors (boat based whale watching and white shark cage diving); and finalising the subsistence rights policy in 2009/10.

To build a sound scientific base for the effective management of natural resources, the fund will conduct research on: the feasibility of two new experimental fisheries, octopus and white mussels, in 2009/10; catch or effort limits in 21 fishery sectors; and the feasibility of three marine aquaculture species, scallop, finfish and urchin. Three marine aquaculture pilot projects will be launched and two regulatory guidelines for marine aquaculture (zoning and ranching) will be developed by 2009/10.

Over the medium term, the Marine Living Resources Fund will manage ecosystems and species requiring protection by: implementing abalone and hake species recovery plans; developing management plans and memorandums of understanding for 20 marine protected areas; designating one new marine protected area; developing management plans for five existing and six new estuaries; implementing the Integrated Coastal Management Act by establishing five provincial coastal committees; finalising two national plans of action;



promoting an ecosystem approach to fisheries (seabirds and sharks); and developing an oil spill contingency plan.

Moreover, the fund will ensure efficient monitoring, control and surveillance of marine resources by conducting annual inspections of 40 per cent of landing in the hake, rock lobster, squid and abalone fishery sectors, 10 per cent of rights holders in the hake, rock lobster and squid sectors, 10 per cent of vessels of rights holders in these three sectors, and maintaining formal partnerships with five other law enforcement agencies, as well as undertaking two SADC patrols.

### Selected performance and operations indicators

**Table 25.7 Marine Living Resources Fund**

Indicator	Programme	Past			Current 2008/09	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of aquaculture (fish farming) pilot projects launched	Integrated Coastal Management	–	–	–	2	3	–	–
Number of marine aquaculture pilot projects operational	Integrated Coastal Management	–	–	–	–	2	5	–

### Service delivery and spending focus

The surveys on total allowable catch and total allowable estimate, which included line fish, tuna pole, tuna and swordfish long line, net fish, oysters, south coast rock lobster, west coast rock lobster and white mussel, were completed in 2008/09.

The Integrated Coastal Management Bill was approved by both Houses of Parliament in 2008. The boat based whale watching and white shark cage diving policies were gazetted in April 2008 and the rights allocation process is scheduled to be finalised by July 2009. The declaration of the Still Bay marine protected area has been gazetted for public comment. A feasibility study has been completed on the potential sites for marine aquaculture pilot projects. The national programme of action to control and reduce marine and coastal pollution and related degradation was launched in Durban in October 2008 during National Marine Week.

The allocation and management of long term rights in 20 commercial fishery sectors were completed during 2007/08, and all appeals were finalised in 2008. The transfer of commercial fishing rights and the draft subsistence and small scale fisheries policies have also been finalised.

Following the closure of the wild abalone fishery sector in February 2008 to allow for adequate recovery, abalone recovery and enforcement monitoring plans have been developed.

Over 80 per cent of the individuals prosecuted by the Marine Living Resources Fund for various transgressions were convicted.

Over the medium term, the fund will focus on administering fishing rights, permits and licences, and launching aquaculture projects. It will also oversee the monitoring, control and surveillance of marine resources.

### Expenditure Estimates

**Table 25.8 Marine Living Resources Fund: Programme information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Administration	68.5	45.6	62.1	46.3	47.4	48.9	50.2
Marine Resource Management	34.7	12.4	9.4	20.8	21.3	21.9	22.5
Integrated Coastal Management	14.8	13.8	24.4	25.5	26.1	27.0	27.7
Research, Antarctica and Islands	61.9	88.0	79.3	114.7	117.5	121.2	124.5
Monitoring, Control and Surveillance	96.0	118.7	82.1	125.2	132.2	138.2	142.8
<b>Total expense</b>	<b>275.8</b>	<b>278.4</b>	<b>257.3</b>	<b>332.4</b>	<b>344.5</b>	<b>357.2</b>	<b>367.8</b>



**Table 25.9 Marine Living Resources Fund: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>151.6</b>	<b>179.3</b>	<b>155.1</b>	<b>137.1</b>	<b>139.5</b>	<b>147.0</b>	<b>149.5</b>
Sale of goods and services other than capital assets of which:	142.8	174.1	147.1	129.3	130.5	135.5	140.5
<i>Licences and permits</i>	114.0	91.9	87.2	69.3	100.0	105.0	110.0
<i>Sales by market establishments</i>	13.0	58.1	40.3	35.0	0.5	0.5	0.5
<i>Levies on fish and fish products</i>	15.8	24.2	19.6	25.0	30.0	30.0	30.0
<i>Other non-tax revenue</i>	8.8	5.2	8.0	7.8	9.0	11.5	9.0
<b>Transfers received</b>	<b>60.0</b>	<b>151.4</b>	<b>144.4</b>	<b>195.4</b>	<b>205.0</b>	<b>210.2</b>	<b>218.3</b>
<b>Total revenue</b>	<b>211.6</b>	<b>330.7</b>	<b>299.5</b>	<b>332.4</b>	<b>344.5</b>	<b>357.2</b>	<b>367.8</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>275.8</b>	<b>278.4</b>	<b>257.3</b>	<b>332.4</b>	<b>344.5</b>	<b>357.2</b>	<b>367.8</b>
Goods and services	273.8	274.2	250.7	328.1	339.7	352.2	362.4
Depreciation	2.0	4.0	6.6	4.3	4.9	5.0	5.4
Interest, dividends and rent on land	0.0	0.2	–	–	–	–	–
<b>Total expenses</b>	<b>275.8</b>	<b>278.4</b>	<b>257.3</b>	<b>332.4</b>	<b>344.5</b>	<b>357.2</b>	<b>367.8</b>
<b>Surplus / (Deficit)</b>	<b>(64.2)</b>	<b>52.3</b>	<b>42.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Statement of financial position</b>							
Carrying value of assets	9.2	14.5	15.2	17.0	17.5	18.7	18.5
of which: Acquisition of assets	6.7	10.5	7.3	6.1	5.4	6.2	5.2
Inventory	2.9	17.6	3.5	–	–	–	–
Receivables and prepayments	27.0	6.8	23.1	15.0	18.0	19.0	20.0
Cash and cash equivalents	9.6	28.1	60.2	35.0	40.0	45.0	50.0
<b>Total assets</b>	<b>48.8</b>	<b>67.0</b>	<b>102.1</b>	<b>67.0</b>	<b>75.5</b>	<b>82.7</b>	<b>88.5</b>
Accumulated surplus/deficit	(65.2)	(12.9)	29.2	35.0	40.0	45.0	50.0
Borrowings	–	0.4	–	–	–	–	–
Trade and other payables	70.9	41.5	46.7	22.0	32.5	35.7	36.5
Liabilities not classified elsewhere	43.1	38.1	26.1	10.0	3.0	2.0	2.0
<b>Total equity and liabilities</b>	<b>48.8</b>	<b>67.0</b>	<b>102.1</b>	<b>67.0</b>	<b>75.5</b>	<b>82.7</b>	<b>88.5</b>

### Expenditure trends

The Marine Living Resources Fund generates revenue mainly from levies on fish and fish products, licence and permit fees, fines and confiscations, and harbour fees. This revenue is a key source of funding for the operations of the department's *Marine and Coastal Management* programme. Compensation of employees is funded by the department. The transfer from the department for 2009/10 is R205 million, which includes R51.2 million for operational expenditure, R3 million for surveillance, R30 million for improved enforcement and R120 million for vessel operations.

## Programme 4: Tourism

- *Tourism Management* provides for the administration of the overall programme activities.
- *Tourism Industry Promotion* improves the competitiveness of the tourism industry through developing adequate skills, promoting service excellence, and unblocking barriers to tourism growth.
- *Tourism Industry Development* promotes SMME development in the tourism sector, product development, sector regulation and research aimed at improving tourism products and services in South Africa.
- *South African Tourism* provides financial assistance to the public entity responsible for marketing South Africa as a preferred tourism destination both locally and internationally. The entity is also responsible for

assuring quality of products and services, and facilitating the transformation of the sector through the implementation of BEE.

- *Business Trust* makes transfer payments for the implementation of the tourism enterprise partnership responsible for facilitating business linkages between established enterprises and SMMEs.

Funding in the first three subprogrammes is mainly used for personnel, and other related costs, while funding in the last two is based on approved business plans.

## Objectives and measures

- Service the needs of tourists in the host cities during the 2010 FIFA World Cup by creating a pool of 5 000 well trained voluntary tourism ambassadors.
- Improve skills and service levels in the tourism sector by:
  - facilitating the training of 250 unemployed youth to become chefs by 2009/10
  - training and registering 620 people as independent tourist guides between 2009/10 and 2011/12, with the first 300 registered before the 2010 FIFA World Cup.
- Provide support to SMMEs by:
  - increasing the number of tourism SMMEs able to access business training opportunities facilitated by the tourism enterprise partnership from 3 700 in 2007/08 to 6 000 in 2011/12
  - increasing the number of transactional business linkages from 550 in 2007/08 to 750 in 2011/12.

## Service delivery and spending focus

In 2007/08, 145 tourist guides were trained and registered as independent service providers. Of these, 108 are previously disadvantaged individuals. 280 voluntary tourism ambassadors were trained for the 2010 FIFA World Cup, and another 1 000 selected for training in 2008/09. A tourism careers exhibition for learners was hosted with a view to stimulate learners' interest in tourism as a career of choice. 2 199 small enterprises were trained in tourism related business skills. In addition, 362 small enterprises were supported by facilitating access to procurement opportunities, resulting in new contracts with established tourism companies valued at R300 million. The sector human resources development strategy was completed in 2007/08.

Over the MTEF period, the department will focus on developing and implementing the tourism sector human resources development strategy, promoting service excellence, and working cooperatively with other government departments to unblock barriers to sustainable tourism growth, such as reducing visa restrictions and increasing the number of flights from key target countries. The department will also develop capacity for SMMEs to participate in the industry, develop and maintain the industry regulatory framework, facilitate implementation of the tourism growth strategy, conduct research aimed at identifying growth obstacles, and facilitate investment in tourism infrastructure.

## Expenditure estimates

**Table 25.10 Tourism**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Tourism Management	5.9	14.9	8.5	6.1	5.0	5.8	6.0
Tourism Industry Promotion	9.8	13.0	13.1	12.2	15.8	18.6	20.5
Tourism Industry Development	48.8	54.2	7.5	20.9	21.7	24.0	24.4
South African Tourism	362.7	465.2	517.6	582.1	655.7	685.5	729.8
Business Trust	–	–	65.8	69.4	52.1	20.0	–
<b>Total</b>	<b>427.2</b>	<b>547.2</b>	<b>612.5</b>	<b>690.8</b>	<b>750.3</b>	<b>753.9</b>	<b>780.7</b>
Change to 2008 Budget estimate				(2.2)	(14.7)	(41.8)	(62.8)

Table 25.10 Tourism (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>64.2</b>	<b>39.5</b>	<b>28.1</b>	<b>35.8</b>	<b>35.3</b>	<b>40.1</b>	<b>47.7</b>
Compensation of employees	12.8	16.0	16.3	16.1	18.5	21.9	23.0
Goods and services	51.4	23.5	11.7	19.8	16.7	18.2	24.7
of which:							
Advertising	0.8	0.7	0.4	0.7	0.6	0.6	0.7
Computer services	0.0	0.0	0.0	0.8	0.7	0.8	0.8
Consultants and professional services: Business and advisory service	45.4	12.7	2.3	0.2	1.5	1.6	1.7
Contractors	0.3	0.6	0.6	0.5	4.7	5.4	5.5
Agency and support / outsourced services	0.6	0.4	–	–	–	–	–
Inventory: Stationery and printing	0.2	0.6	0.4	1.4	1.1	1.3	1.3
Travel and subsistence	2.9	4.6	3.2	10.8	3.7	3.3	9.6
Training and development	0.1	0.1	0.0	0.5	0.5	0.5	0.5
Operating expenditure	0.3	2.4	2.3	1.1	0.9	1.0	1.1
Venues and facilities	0.2	0.6	2.1	2.5	2.1	2.3	2.4
Financial transactions in assets and liabilities	–	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>362.8</b>	<b>507.2</b>	<b>584.1</b>	<b>654.5</b>	<b>714.8</b>	<b>713.5</b>	<b>732.8</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	362.7	465.2	517.6	582.1	655.7	685.5	729.8
Non-profit institutions	–	42.0	66.6	72.4	59.1	28.0	3.0
Households	0.0	–	0.0	–	–	–	–
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.5</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
Machinery and equipment	0.2	0.4	0.2	0.4	0.3	0.3	0.3
Software and other intangible assets	–	0.1	0.1	–	–	–	–
<b>Total</b>	<b>427.2</b>	<b>547.2</b>	<b>612.5</b>	<b>690.8</b>	<b>750.3</b>	<b>753.9</b>	<b>780.7</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>362.7</b>	<b>465.2</b>	<b>517.6</b>	<b>582.1</b>	<b>655.7</b>	<b>685.5</b>	<b>729.8</b>
South African Tourism	362.7	465.2	517.6	582.1	655.7	685.5	729.8
<b>Non-profit institutions</b>							
<b>Current</b>	<b>–</b>	<b>42.0</b>	<b>66.6</b>	<b>72.4</b>	<b>59.1</b>	<b>28.0</b>	<b>3.0</b>
Business Trust	–	42.0	65.8	69.4	52.1	20.0	–
Federated Hospitality Association of Southern Africa	–	–	0.3	0.5	0.5	0.5	0.5
Tourism Business Council	–	–	0.5	0.5	0.5	0.5	0.5
National Business Initiative	–	–	–	2.0	2.0	2.0	2.0
Tourism Hospitality and Sports Education and Training Authority	–	–	–	–	4.0	5.0	–

## Expenditure trends

Expenditure increased at an average annual rate of 17.4 per cent between 2005/06 and 2008/09, due to allocations to SA Tourism and the tourism enterprise partnership. Spending is expected to grow moderately at an average annual rate of 4.2 per cent over the MTEF period. Funding to SA Tourism, which increases at an average annual rate of 7.8 per cent from R582.1 million in 2008/09 to R729.8 million in 2011/12, is aimed at financing international tourism marketing activities, the BEE Charter Council and the Tourism Grading Council of South Africa.

Until the end of 2006/07, the activities of Business Trust were funded under goods and services in the *Tourism Industry Development* subprogramme. The Business Trust became a subprogramme in 2007/08, and transfer payments for the SMME support programme will end in 2010/11 with a final allocation of R20 million.

## Public entities

### South African Tourism

#### Strategic overview: 2005/06 – 2011/12

The core business of South African Tourism, established in terms of the Tourism Act (1993), is to market South Africa as a tourism destination of choice. Key activities include promoting tourism by encouraging travels to and within South Africa, ensuring highest attainable quality standards of tourism services and facilities, and facilitating tourism sector transformation.

Key objectives include: increasing the annual volume of international tourists visiting the country from 9.1 million in 2007/08 to 11.9 million by 2012; increasing the average spend per tourist in South Africa from R7 300 in 2008/09 to R8 800 by 2011; and increasing the number of graded accommodation establishments from 5 484 in 2007/08 to 8 332 in 2011/12.

Funding is primarily used for administering marketing offices in key target countries, promoting local tourism to reduce seasonality in the industry, facilitating the grading of products and services, and implementing the Tourism BEE Charter and Scorecard.

#### Selected performance and operations indicators

**Table 25.11 South African Tourism**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of international tourist arrivals per year	7.4m	8.4m	9.1m	9.7m	10.3m	11.4m	11.9m
Average spend per international tourist per year in South Africa	R8 500	R8 300	R7 000	R7 300	R7 800	R8 300	R8 800
Total number of accommodation establishments graded	3 784	4 742	5 484	7 209	7 500	7 700	8 332
Percentage increase in private and public sector compliance with Tourism BEE Charter and Scorecard	60% of 2009 targets	80% of 2009 targets	100% of 2009 targets	20% of 2014 targets	40% of 2014 targets	60% of 2014 targets	70% of 2014 targets

#### Service delivery and spending focus

The contribution of tourism to the GDP has increased from 7.9 per cent (R137.6 billion) in 2006/07 to 8.1 per cent (R159.6 billion) in 2007/08, and the number of jobs created in the economy increased by 5 per cent from 896 000 to 941 000 according to the World Travel and Tourism Council.

There were 9.1 million foreign tourist arrivals in 2007/08. Of the 9.7 million targeted for 2008/09, 5.49 million tourists arrived in the first half of the year. International marketing brand alignment has been completed and will ensure increased brand recognition of South Africa at the international level.

440 new establishments were graded in the first half of 2008/09, bringing the total number of graded establishments to 6 825, 460 more than the target of 6 365.

#### Expenditure estimates

**Table 25.12 South African Tourism: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>59.8</b>	<b>73.0</b>	<b>82.2</b>	<b>53.2</b>	<b>40.1</b>	<b>41.6</b>	<b>43.2</b>
Sale of goods and services other than capital assets	0.0	–	1.3	–	–	–	–
of which:							
Sales by market establishments	0.0	–	1.3	–	–	–	–
Other non-tax revenue	59.8	73.0	80.9	53.2	40.1	41.6	43.2
<b>Transfers received</b>	<b>412.8</b>	<b>517.8</b>	<b>574.6</b>	<b>651.1</b>	<b>721.9</b>	<b>755.3</b>	<b>804.5</b>
<b>Total revenue</b>	<b>472.6</b>	<b>590.8</b>	<b>656.9</b>	<b>704.4</b>	<b>762.1</b>	<b>797.0</b>	<b>847.7</b>

**Table 25.12 South African Tourism: Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Expenses</b>							
<b>Current expense</b>	<b>465.6</b>	<b>588.1</b>	<b>633.3</b>	<b>706.3</b>	<b>762.1</b>	<b>797.0</b>	<b>847.7</b>
Compensation of employees	71.8	86.6	95.3	107.7	114.2	121.0	128.3
Goods and services	391.9	494.3	530.1	588.4	636.9	664.0	706.4
Depreciation	1.9	7.2	4.1	6.0	6.5	7.2	7.9
Interest, dividends and rent on land	–	–	3.8	4.2	4.5	4.7	5.0
<b>Total expenses</b>	<b>465.6</b>	<b>588.1</b>	<b>633.3</b>	<b>706.3</b>	<b>762.1</b>	<b>797.0</b>	<b>847.7</b>
<b>Surplus / (Deficit)</b>	<b>7.0</b>	<b>2.7</b>	<b>23.6</b>	<b>(1.9)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Statement of financial position</b>							
Carrying value of assets	23.6	52.9	62.5	63.3	70.8	69.8	67.6
of which: Acquisition of assets	7.0	24.3	13.9	6.8	14.1	6.2	5.7
Receivables and prepayments	5.6	6.8	38.9	25.0	20.0	15.0	10.0
Cash and cash equivalents	96.7	149.6	181.7	248.7	232.5	233.5	235.7
<b>Total assets</b>	<b>125.9</b>	<b>209.2</b>	<b>283.1</b>	<b>337.0</b>	<b>323.3</b>	<b>318.3</b>	<b>313.3</b>
Accumulated surplus/deficit	20.9	23.6	47.4	45.5	45.5	45.5	45.5
Capital and reserves	–	15.0	14.7	14.7	14.7	14.7	14.7
Post-retirement benefits	15.8	19.6	23.1	25.0	26.4	28.0	29.7
Trade and other payables	87.6	117.7	188.9	250.0	234.8	228.2	221.5
Provisions	–	33.4	7.3	–	–	–	–
Liabilities not classified elsewhere	1.6	0.0	1.7	1.9	1.9	1.9	1.9
<b>Total equity and liabilities</b>	<b>125.9</b>	<b>209.2</b>	<b>283.1</b>	<b>337.0</b>	<b>323.3</b>	<b>318.3</b>	<b>313.3</b>

### Expenditure trends

Transfers from the department are the main source of revenue for SA Tourism. The entity also receives transfers from the Tourism Business Council of South Africa through tourism levies collected by Tourism Marketing South Africa. Over the MTEF period, transfers are expected to increase from R721.9 million in 2009/10 to R804.5 million in 2011/12, an average annual increase of 5.6 per cent. The transfer from the department in 2009/10 is R655.7 million, including R496.2 million for tourism marketing, R142.2 million for operational expenditure, and R11 million for the South African Tourism Grading Council.

## Programme 5: Biodiversity and Conservation

- *Biodiversity and Conservation Management* provides for the administration of the overall programme activities.
- *Biodiversity and Heritage* promotes the conservation and sustainable use of biological resources to contribute to socioeconomic development.
- *Transfrontier Conservation and Protected Areas* ensures the effective establishment and management of protected areas.
- *iSimangaliso Wetland Park Authority* makes transfers to the entity that manages the park.
- *South African National Parks* makes transfers to the entity that manages a network of national protected areas.
- *South African National Biodiversity Institute* makes transfers to the entity responsible for biodiversity research and management of a network of botanical gardens.
- *Management of Blyde National Park* provides funding to ensure that general standards and norms are maintained by the park managers.

Funding for the first three subprogrammes is based on salaries and other personnel related costs, while funding for the last four subprogrammes is distributed on the basis of approved business plans and service level agreements between the department and these entities.

## Objectives and measures

- Promote equitable access and shared benefits by concluding 25 bio-prospecting agreements, aimed at investigating the potential use of a species for commercial use, over the MTEF period.
- Expand the conservation estate by coordinating the implementation of the national strategy for the expansion of protected areas with the aim of adding 2.7 million hectares (2.4 per cent) of South Africa's terrestrial surface area to the protected area network, and 88 per cent to the inshore marine protected area (MPA) network.

## Service delivery and spending focus

The national register for protected areas was developed in 2007/08 to ensure that the conservation estate ecosystems are truly representative of South Africa's biodiversity landscape. The current data reflects a total of 286 protected areas covering 5.9 per cent of the land surface of South Africa in relation to the target of 8 per cent of land surface by 2010.

The amalgamation of the Qwa Qwa Nature Reserve (24 000 hectares) with Golden Gate National Park into the consolidated Golden Gate Highlands National Park has been effected in 2008/09. This park provides for the conservation of the grassland biome and is strategically important for water supply to Lesotho and South Africa. The Barberton/Makhonjwa mountainland (98 000 hectares), which contains the oldest well preserved sequence of volcanic and sedimentary rocks on earth, has been added to South Africa's list of tentative world heritage sites by the United Nations Educational, Scientific and Cultural Organization.

Over the MTEF period, the department will focus on: the development of policies; building a sound scientific base for the management of natural resources; combating desertification; ensuring regulated bio-prospecting; assessing the environmental impact of genetically modified organisms; controlling species migration; and ensuring sustainable use of species. Other activities include: the planning of protected areas; promoting participation and beneficiation of indigenous and local communities in these areas; establishing, developing and managing the cross-border conservation within the SADC region through the transfrontier conservation areas' initiative; coordinating the national implementation of the World Heritage Convention; and supporting the establishment and management of world heritage sites in the country.

## Expenditure estimates

**Table 25.13 Biodiversity and Conservation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Biodiversity and Conservation Management	3.4	2.2	3.2	4.4	4.6	5.1	5.4
Biodiversity and Heritage	14.4	11.9	18.5	16.7	17.1	18.6	19.6
Transfrontier Conservation and Protected Areas	29.1	16.2	17.8	21.2	31.6	37.8	46.2
iSimangaliso Wetland Park Authority	12.1	12.4	18.2	18.7	20.7	21.4	22.3
South African National Parks	143.8	151.9	191.5	202.3	205.4	214.0	227.0
South African National Biodiversity Institute	80.4	85.0	110.7	128.8	133.8	137.6	143.4
Management of Blyde National Park	–	–	–	4.5	–	–	–
<b>Total</b>	<b>283.2</b>	<b>279.6</b>	<b>359.8</b>	<b>396.6</b>	<b>413.3</b>	<b>434.4</b>	<b>463.9</b>
Change to 2008 Budget estimate				0.2	3.4	10.8	14.9

Table 25.13 Biodiversity and Conservation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>46.1</b>	<b>28.0</b>	<b>37.7</b>	<b>41.3</b>	<b>49.7</b>	<b>58.4</b>	<b>67.4</b>
Compensation of employees	15.4	15.4	19.1	20.6	21.9	24.6	25.8
Goods and services	30.7	12.6	18.6	20.7	27.7	33.9	41.6
of which:							
Advertising	0.2	0.8	1.1	0.4	0.6	0.7	0.9
Catering: Departmental activities	0.1	0.6	0.8	0.4	0.6	0.7	0.8
Consultants and professional services: Business and advisory services	21.9	2.4	5.5	9.0	12.2	15.1	19.3
Consultants and professional services: Legal costs	0.2	–	0.7	0.2	0.3	0.3	0.4
Contractors	0.1	0.2	0.4	0.5	0.6	0.8	0.9
Inventory: Stationery and printing	0.4	0.5	0.5	0.4	0.5	0.7	0.8
Lease payments	0.2	0.3	0.4	0.4	0.5	0.6	0.7
Travel and subsistence	5.1	4.6	5.3	6.4	8.5	10.3	12.3
Training and development	0.1	0.1	0.0	0.6	0.7	0.9	1.1
Operating expenditure	1.2	1.4	1.7	0.3	0.4	0.4	0.5
Venues and facilities	0.5	1.4	1.6	1.9	2.5	3.0	3.6
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>236.4</b>	<b>251.3</b>	<b>321.5</b>	<b>355.1</b>	<b>363.5</b>	<b>375.8</b>	<b>396.4</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	236.3	249.3	320.3	354.3	362.7	375.1	395.6
Universities and technikons	–	–	0.3	–	–	–	–
Non-profit institutions	–	1.8	0.2	0.8	0.8	0.8	0.8
Households	0.1	0.2	0.7	–	–	–	–
<b>Payments for capital assets</b>	<b>0.7</b>	<b>0.2</b>	<b>0.6</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>
Machinery and equipment	0.7	0.2	0.6	0.2	0.1	0.1	0.2
Software and other intangible assets	–	–	0.0	–	–	–	–
<b>Total</b>	<b>283.2</b>	<b>279.6</b>	<b>359.8</b>	<b>396.6</b>	<b>413.3</b>	<b>434.4</b>	<b>463.9</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>183.3</b>	<b>234.0</b>	<b>257.2</b>	<b>285.0</b>	<b>287.6</b>	<b>296.5</b>	<b>311.8</b>
South African National Biodiversity Institute	80.4	85.0	110.7	128.8	133.8	137.6	143.4
South African National Parks	90.8	136.6	128.4	133.0	133.1	137.5	146.1
iSimangaliso Wetland Park Authority	12.1	12.4	18.2	18.7	20.7	21.4	22.3
Management of Blyde National Park	–	–	–	4.5	–	–	–
<b>Capital</b>	<b>53.0</b>	<b>15.3</b>	<b>63.1</b>	<b>69.3</b>	<b>75.1</b>	<b>78.6</b>	<b>83.8</b>
South African National Parks	53.0	15.3	63.1	69.3	75.1	78.6	83.8
<b>Non-profit institutions</b>							
<b>Current</b>	<b>–</b>	<b>1.8</b>	<b>0.2</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>
Non-profit institutions	–	1.8	–	–	–	–	–
Botanical Society	–	–	0.2	0.5	0.5	0.5	0.5
Endangered Wildlife Trust	–	–	–	0.3	0.3	0.3	0.3

## Expenditure trends

Expenditure increased at an average annual rate of 11.9 per cent from R283.2 million in 2005/06 to R396.6 million in 2008/09 due to the establishment of the transfrontier conservation areas. This resulted in increased expenditure on consultants and professional services, and travel and subsistence. This trend is set to continue, with expenditure in the *Transfrontier Conservation and Protected Areas* subprogramme expected to increase from R21.2 million in 2008/09 to R46.2 million in 2011/12, at an average annual rate of 29.7 per cent. Overall, expenditure stabilises at 5.4 per cent over the MTEF period.



## Public entities

### South African National Parks

#### Strategic overview: 2005/06 - 2011/12

South African National Parks was established in terms of the National Environmental Management: Protected Areas Act (2003). The entity is responsible for promoting the conservation of South Africa's natural heritage through managing national parks and other defined protected areas that reflect South Africa's biodiversity.

South African National Parks aims to expand the conservation estate to enhance ecosystems in the conserved estate, focusing mainly on the Lowveld fynbos, succulent Karoo, and thicket biomes. It will prioritise acquiring land for incorporation into the protected areas network, and 35 935 hectares will be added to the national parks system over the MTEF period.

Other activities over the medium term include marketing the national parks as ecotourism destinations of choice, and developing and maintaining high quality tourism infrastructure.

#### Selected performance and operations indicators

**Table 25.14 South African National Parks**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Percentage increase in revenue from commercial activities per year (Total revenue in 2006/07 R458 million)	–	–	8% (R36.6 million)	11% (R63.9 million)	10.5% (R67.4 million)	11% (R78.4 million)	11% (R87 million)
Percentage increase in the number of black visitors to the parks per year (255 829 in 2006/07)	–	–	21.4% (310 488)	10% (341 537)	10% (375 690)	10% (413 259)	10% (454 585)
Hectares of new land acquired for the national parks system	–	–	13 462 Ha	12 800 Ha	13 000 Ha	10 000 Ha	5 000 Ha
Number of learners that go through environmental education programmes	–	–	139 424	110 000	120 000	130 000	140 000

#### Service delivery and spending focus

After lengthy deliberations, Free State transferred the Qwa Qwa Nature Reserve to South African National Parks in 2008/09, adding 34 000 hectares to the Golden Gate National Park. To extend the national protected areas system, 38 299 hectares of new land for the Addo, Agulhas, Mokala, Tankwa and Table Mountain national parks were acquired by the end of the second quarter of 2008/09.

The total number of guests to the national parks increased by 2.9 per cent from 4.6 million in 2006/07 to 4.7 million in 2007/08.

During the first half of 2008/09, R274.6 million had been generated from commercial sources. Commercial revenue was R595 million in 2007/08 and R607 million in the first half of 2008/09, an average annual increase of 2 per cent.

Over the MTEF period, funds will primarily be used for the maintenance of tourism and other infrastructure in the parks, such as fencing, game processing plants, accommodation and roads, and for marketing national parks as ecotourism destinations. South African National Parks will also develop a protected areas management system for the existing conservation estate. Research on ecosystems has also been identified as a priority, for example, investigating the cause of the recent deaths of crocodiles in the Olifants River.

## Expenditure estimates

**Table 25.15 SA National Parks: Programme information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Tourism	445.8	536.2	525.2	554.1	590.2	639.3	694.5
Conservation	312.1	372.6	365.0	385.0	410.1	444.2	482.6
Other programmes	–	30.8	33.3	–	–	–	–
<b>Total expense</b>	<b>757.9</b>	<b>939.6</b>	<b>923.5</b>	<b>939.1</b>	<b>1 000.3</b>	<b>1 083.5</b>	<b>1 177.2</b>

**Table 25.16 SA National Parks: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>630.7</b>	<b>670.2</b>	<b>696.3</b>	<b>760.7</b>	<b>792.6</b>	<b>869.2</b>	<b>956.1</b>
Sale of goods and services other than capital assets	497.6	594.6	607.0	703.4	760.3	851.3	936.4
of which:							
Tourism revenue	486.0	594.6	607.0	703.4	760.3	851.3	936.4
Other sales	11.6	–	–	–	–	–	–
Other non-tax revenue	133.0	75.6	89.3	57.3	32.3	17.9	19.7
<b>Transfers received</b>	<b>155.9</b>	<b>298.5</b>	<b>278.2</b>	<b>202.8</b>	<b>238.1</b>	<b>248.0</b>	<b>262.4</b>
<b>Total revenue</b>	<b>786.6</b>	<b>968.7</b>	<b>974.5</b>	<b>963.6</b>	<b>1 030.7</b>	<b>1 117.2</b>	<b>1 218.5</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>757.9</b>	<b>939.6</b>	<b>923.5</b>	<b>939.1</b>	<b>1 000.3</b>	<b>1 083.5</b>	<b>1 177.2</b>
Compensation of employees	296.7	356.2	360.9	409.9	476.0	523.6	576.0
Goods and services	433.6	542.8	515.7	485.7	485.8	518.3	555.4
Depreciation	22.0	30.8	33.3	37.7	33.8	36.3	39.9
Interest, dividends and rent on land	5.6	9.7	13.7	5.8	4.7	5.3	5.9
<b>Total expenses</b>	<b>757.9</b>	<b>939.6</b>	<b>923.5</b>	<b>939.1</b>	<b>1 000.3</b>	<b>1 083.5</b>	<b>1 177.2</b>
<b>Surplus / (Deficit)</b>	<b>28.7</b>	<b>29.1</b>	<b>51.0</b>	<b>24.4</b>	<b>30.4</b>	<b>33.7</b>	<b>41.3</b>
<b>Statement of financial position</b>							
Carrying value of assets	704.3	775.6	817.2	805.6	800.0	807.2	815.7
of which: Acquisition of assets	17.3	18.2	51.2	30.0	40.0	44.0	48.4
Investments	1.2	0.9	24.1	70.6	70.6	70.6	70.6
Inventory	114.2	18.5	16.5	21.6	29.7	32.7	35.9
Receivables and prepayments	18.1	25.4	27.1	25.7	37.9	42.4	46.6
Cash and cash equivalents	255.0	172.6	257.2	(171.3)	–	–	–
Assets not classified elsewhere	7.6	210.5	381.7	456.0	176.1	141.8	133.3
<b>Total assets</b>	<b>1 100.5</b>	<b>1 203.5</b>	<b>1 523.7</b>	<b>1 208.1</b>	<b>1 114.2</b>	<b>1 094.6</b>	<b>1 102.1</b>
Accumulated surplus/deficit	304.5	387.5	438.5	462.9	357.3	391.0	432.3
Borrowings	336.0	44.2	40.0	36.5	36.5	36.5	36.5
Post-retirement benefits	181.9	143.3	146.1	173.5	194.3	217.6	239.3
Trade and other payables	278.1	97.2	162.3	100.0	23.8	26.2	28.8
Provisions	–	–	–	16.0	–	–	–
Liabilities not classified elsewhere	–	531.2	736.8	419.3	502.4	423.4	365.2
<b>Total equity and liabilities</b>	<b>1 100.5</b>	<b>1 203.5</b>	<b>1 523.7</b>	<b>1 208.1</b>	<b>1 114.2</b>	<b>1 094.6</b>	<b>1 102.1</b>

## Expenditure trends

Due to its ability to generate revenue, South African National Parks maintains a strong financial position over the medium term. Transfers from the department in 2009/10 amount to R391.2 million, which includes R108.2 million for operations and R185.5 million for establishing and developing parks.

Main cost drivers include: human resources due to the labour intensive nature of conservation and tourism; operating leases for all the vehicles used for specialised work; maintenance costs for bulk and support infrastructure and the organisation's hospitality facilities. These will remain the organisation's key cost drivers over the medium term. Transfers increased by 91 per cent in 2006/07 due to funding for the capital upgrading of the parks.

## Programme 6: Sector Services and International Relations

- *Chief Operations Officer* provides for the administration of the overall programme activities.
- *Social Responsibility, Policy and Projects* facilitates environmental rehabilitation, and improvement and development of tourism infrastructure projects under the expanded public works programme through the use of labour intensive methods targeting the unemployed, youth, women, the disabled and SMMEs. Funding is allocated on the basis of approved business plans for the poverty relief projects.
- *Specialist International Cooperation and Resources* provides international negotiations and relations expertise to promote South Africa's global sustainable development and tourism agenda. Bilateral and multilateral financial and technical resources are also mobilised in support of national, subregional and regional environment and tourism projects. Funding is based on salaries, and other personnel related costs.
- *Planning, Coordination and Information* facilitates environmental cooperative governance across all spheres of government and provides geographically referenced environmental information for decision making. Funding is based on salaries, and other personnel related costs.
- *Business Performance Management* facilitates planning, corporate governance and business performance management to improve service delivery by the department and its public entities. Funding is based on salaries, and other personnel related costs.
- *Infrastructure Investment* provides for infrastructure investment allocations and project management across the department's programmes and its six public entities. Funding is allocated on the basis of approved business plans for the infrastructure projects.

### Objectives and measures

- Promote the empowerment of designated communities by creating 1 084 permanent jobs, 84 631 temporary jobs and 452 000 person training days through the expanded public works programme over the MTEF period.
- Maintain South Africa's leadership role in global environmental affairs by:
  - developing and implementing the action plan for the national framework for sustainable development by 2009/10
  - developing environmental indicators by 2010/11
  - ensuring a green legacy for the 2010 FIFA World Cup.
- Promote South Africa's global sustainable development agenda by increasing multilateral and bilateral funding for implementing environmental programmes both locally and in SADC from US\$35 million in 2007/08 to US\$45 million in 2010/11.

### Service delivery and spending focus

In 2007/08, 29 277 temporary and 430 permanent jobs were created through the implementation of the poverty relief projects in the environment and culture sector. 178 619 training days were provided and 523 SMMEs were involved in the implementation. By the end of October 2008, 7 755 temporary and 450 permanent job opportunities had been created, and 70 915 accredited and 8 178 non-accredited training days were achieved. 9 learnership programmes were registered and 126 skills development programmes implemented. 45 per cent of project budgets were spent in nodal areas and 57 per cent in Project Consolidate municipal areas. 439 SMMEs were empowered.

During 2007/08, 80 per cent of municipal integrated development plans were reviewed to assess the extent to which environmental impacts were taken into account. In 2008/09, 100 per cent of the plans were reviewed through collaboration with provinces. US\$35 million was raised for implementing environment projects, most of which are reflected in the New Partnership for Africa's Development (NEPAD) environmental programme.

Over the medium term, the main focus will be on expanded public works programme projects, including:

- Working on Waste, which protects environmental quality by promoting waste management and rehabilitation of polluted areas

- Sustainable Land Based Livelihoods, which rehabilitates wetlands and conservation landscapes, promotes community conservancies and marine aquaculture (fish farming), and creates livelihood opportunities through the sustainable use of natural and cultural heritage resources
- Working for Tourism, which supports the development of viable tourism products by creating opportunities to increase the share of SMME/BEE involvement in the tourism industry, develops tourism infrastructure and tourism routes, and establishes tourism information centres and signage.

Other key areas of focus will include: developing the state of environment reports; promoting the incorporation of environmental objectives into strategic planning; developing and maintaining the department's research and development agenda; and facilitating implementation of a national greening programme.

The programme also provides financial support to the Centre for Scientific and Industrial Research for research and development in the areas of environmental assessment and remote sensing. The department will also develop systems for departmental strategic and business planning and organisational performance management, and facilitate stakeholder liaison and cooperative governance.

## Expenditure estimates

**Table 25.17 Sector Services and International Relations**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Chief Operating Officer	7.0	1.8	3.8	4.4	13.9	21.7	38.5
Social Responsibility, Policy and Projects	416.4	447.6	707.7	840.2	846.6	944.1	1 001.1
International Cooperation	18.1	23.9	28.6	42.6	47.1	63.8	77.2
Planning and Coordination	17.4	11.0	13.8	17.6	21.2	25.6	26.0
Business Performance Management	4.4	8.3	12.3	13.6	10.2	11.1	11.5
Infrastructure Investment	10.0	49.7	266.4	307.6	283.0	136.2	127.2
<b>Total</b>	<b>473.3</b>	<b>542.3</b>	<b>1 032.5</b>	<b>1 226.0</b>	<b>1 222.1</b>	<b>1 202.3</b>	<b>1 281.6</b>
Change to 2008 Budget estimate				117.7	7.6	60.9	169.7

### Economic classification

	74.4	81.3	111.1	149.2	160.6	183.6	219.4
<b>Current payments</b>							
Compensation of employees	27.3	56.2	59.8	72.1	78.7	84.7	88.9
Goods and services	47.1	25.1	51.3	77.1	82.0	98.9	130.5
<i>of which:</i>							
Advertising	1.2	–	1.4	0.8	2.4	2.8	3.5
Assets less than R5 000	1.6	0.5	1.3	0.2	0.5	0.6	0.8
Bursaries (employees)	0.1	0.1	0.1	0.1	0.3	0.4	0.5
Catering: Departmental activities	0.0	0.0	–	0.2	0.7	0.8	1.0
Communication	0.7	0.8	1.3	1.2	3.6	4.2	5.2
Computer services	0.4	0.3	0.3	0.2	0.6	0.7	0.8
Consultants and professional services: Business and advisory service	23.6	3.3	6.6	27.2	10.7	16.9	24.5
Contractors	0.1	0.2	1.2	4.7	5.9	6.9	7.7
Inventory: Stationery and printing	0.4	0.3	1.3	1.4	2.8	3.2	4.0
Lease payments	1.3	0.8	1.6	1.1	3.4	3.9	4.8
Transport provided: Departmental activities	–	–	–	0.3	0.9	1.0	1.2
Travel and subsistence	15.8	16.4	22.0	26.8	23.0	28.0	33.8
Training and development	0.5	0.2	0.3	0.1	0.3	0.4	0.5
Operating expenditure	0.5	0.6	7.8	1.5	4.5	5.2	6.4
Venues and facilities	0.6	1.1	5.9	10.6	21.1	22.8	34.3
Financial transactions in assets and liabilities	–	0.0	0.1	–	–	–	–

Table 25.17 Sector Services and International Relations (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>398.7</b>	<b>459.7</b>	<b>918.6</b>	<b>1 076.4</b>	<b>1 061.2</b>	<b>1 018.4</b>	<b>1 061.8</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	10.5	50.2	267.9	309.1	284.5	137.7	128.7
Foreign governments and international organisations	6.0	4.4	–	9.0	9.0	9.0	9.0
Households	382.1	405.0	650.7	758.3	767.6	871.7	924.1
<b>Payments for capital assets</b>	<b>0.3</b>	<b>1.3</b>	<b>2.8</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>
Machinery and equipment	0.3	1.3	2.8	0.4	0.3	0.3	0.4
<b>Total</b>	<b>473.3</b>	<b>542.3</b>	<b>1 032.5</b>	<b>1 226.0</b>	<b>1 222.1</b>	<b>1 202.3</b>	<b>1 281.6</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>0.5</b>	<b>0.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
Council for Scientific and Industrial Research	0.5	0.5	1.5	1.5	1.5	1.5	1.5
<b>Capital</b>	<b>10.0</b>	<b>49.7</b>	<b>266.4</b>	<b>307.6</b>	<b>283.0</b>	<b>136.2</b>	<b>127.2</b>
South African National Biodiversity Institute	10.0	10.0	12.5	10.0	12.0	13.0	15.0
South African National Parks	–	35.5	172.9	232.6	185.8	–	60.0
South African Weather Service	–	–	60.0	35.0	55.2	100.2	10.2
iSimangaliso Wetland Park Authority	–	4.2	21.0	30.0	30.0	23.0	42.0
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>6.0</b>	<b>4.4</b>	<b>–</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>
Global Environmental Fund	6.0	4.4	–	9.0	9.0	9.0	9.0
African Ministerial Conference on the Environment	–	–	–	–	–	–	–
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>382.1</b>	<b>404.5</b>	<b>650.7</b>	<b>758.3</b>	<b>767.6</b>	<b>871.7</b>	<b>924.1</b>
Expanded public works programme: Environmental and tourism projects	382.1	404.5	650.7	758.3	767.6	871.7	924.1

## Expenditure trends

Expenditure is set to increase from R1.2 billion in 2008/09 to R1.3 billion in 2011/12, at an average annual rate of 1.5 per cent, compared to the average annual growth of 37.3 per cent between 2005/06 and 2008/09. Expenditure grew rapidly due to increases in allocations for poverty relief and infrastructure spending for public entities. This trend stabilises over the MTEF period, with infrastructure spending decreasing to R127.2 million in 2011/12.

The largest increase is in the *Chief Operating Officer* subprogramme from R4.4 million in 2008/09 to R38.5 million in 2011/12, at an average annual rate of 106.1 per cent. This rapid increase is due to the additional allocations of R35 million for climate change interventions, and R20 million for environmental awareness campaigns over the medium term.

## Additional tables

**Table 25.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	156.8	167.3	193.1	198.4	(4.3)	194.1	194.1
2. Environmental Quality and Protection	246.0	246.0	241.5	269.0	1.2	270.1	270.1
3. Marine and Coastal Management	333.8	340.9	349.3	396.7	32.3	429.0	429.0
4. Tourism	624.1	616.3	612.5	693.0	(2.2)	690.8	690.8
5. Biodiversity and Conservation	369.5	363.0	359.8	396.3	0.2	396.6	396.6
6. Sector Services and International Relations	860.5	1 057.0	1 032.5	1 108.3	117.7	1 226.0	1 226.0
<b>Total</b>	<b>2 590.8</b>	<b>2 790.5</b>	<b>2 788.8</b>	<b>3 061.7</b>	<b>144.9</b>	<b>3 206.6</b>	<b>3 206.6</b>

### Economic classification

<b>Current payments</b>	<b>639.6</b>	<b>672.9</b>	<b>663.9</b>	<b>729.2</b>	<b>36.0</b>	<b>765.2</b>	<b>765.2</b>
Compensation of employees	296.2	344.3	342.2	394.6	18.6	413.2	413.2
Goods and services	343.4	328.6	321.5	334.6	17.3	352.0	352.0
Financial transactions in assets and liabilities	—	—	0.2	—	—	—	—
<b>Transfers and subsidies</b>	<b>1 947.4</b>	<b>2 111.2</b>	<b>2 114.5</b>	<b>2 318.1</b>	<b>109.2</b>	<b>2 427.3</b>	<b>2 427.3</b>
Departmental agencies and accounts	1 363.8	1 381.0	1 373.7	1 546.4	19.3	1 565.8	1 565.8
Universities and technikons	—	0.3	0.3	—	—	—	—
Foreign governments and international organisations	—	—	—	14.0	(5.0)	9.0	9.0
Non-profit institutions	86.4	88.1	87.9	89.4	4.9	94.2	94.2
Households	497.3	641.9	652.6	668.3	90.0	758.3	758.3
<b>Payments for capital assets</b>	<b>3.7</b>	<b>6.4</b>	<b>10.3</b>	<b>14.3</b>	<b>(0.3)</b>	<b>14.0</b>	<b>14.0</b>
Machinery and equipment	3.4	6.1	10.1	14.0	(0.3)	13.7	13.7
Software and intangible assets	0.3	0.3	0.2	0.3	—	0.3	0.3
<b>Total</b>	<b>2 590.8</b>	<b>2 790.5</b>	<b>2 788.8</b>	<b>3 061.7</b>	<b>144.9</b>	<b>3 206.6</b>	<b>3 206.6</b>

**Table 25.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	209.5	262.4	342.0	413.0	432.6	476.8	514.2
Unit cost (R million)	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Personnel numbers (head count)	1 240	1 410	1 716	1 716	1 716	1 716	1 716
<b>Interns</b>							
Compensation of interns (R million)	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	87	90	100	100	100	100	100
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>209.7</b>	<b>262.5</b>	<b>342.2</b>	<b>413.2</b>	<b>432.8</b>	<b>477.0</b>	<b>514.4</b>
<b>Unit cost (R million)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>
<b>Personnel numbers (head count)</b>	<b>1 327</b>	<b>1 500</b>	<b>1 816</b>	<b>1 816</b>	<b>1 816</b>	<b>1 816</b>	<b>1 816</b>
<b>Learnerships</b>							
Payments for learnerships (R million)	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Number of learnerships (head count)	25	26	30	30	30	30	30

**Table 25.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	209.7	262.5	342.2	413.2	432.8	477.0	514.4
Training expenditure (R million)	8.3	3.8	3.4	3.7	3.9	4.1	4.5
Training as percentage of compensation	4.0%	1.5%	1.0%	0.9%	0.9%	0.8%	0.9%
Total number trained in department (head count)	342	153	160	–			
of which:							
Employees receiving bursaries (head count)	23	32	32	–			
Learnerships trained (head count)	12	22	22	–			
Internships trained (head count)	89	94	100	–			
Households receiving bursaries (R million)	0.4	1.3	1.3	1.5	1.6	1.8	1.8
Households receiving bursaries (head count)	17	44	50	–			

**Table 25.D Summary of departmental public private partnership projects**

Project description: Department of Environmental Affairs and Tourism head office campus		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million		2008/09	2009/10	2010/11	2011/12	
<b>Projects signed in terms of Treasury Regulation 16</b>		<b>4.0</b>	<b>5.0</b>	<b>25.0</b>	<b>90.0</b>	<b>110.0</b>
PPP unitary charge	–	–	–	90.0	110.0	
Advisory fees	4.0	5.0	25.0	–	–	
<b>Projects in preparation, registered in terms of Treasury Regulation 16<sup>1</sup></b>		<b>–</b>	<b>4.0</b>	<b>–</b>	<b>90.0</b>	<b>80.0</b>
PPP unitary charge	–	–	–	90.0	80.0	
Advisory fees	–	4.0	–	–	–	
<b>Total</b>		<b>4.0</b>	<b>9.0</b>	<b>25.0</b>	<b>180.0</b>	<b>190.0</b>

1. Only projects that have received Treasury Approval: 1

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	Department of Environmental Affairs and Tourism new head office building
Brief description	Procurement of a suitable new head office building for the Department of Environmental Affairs and Tourism
Date public private partnership agreement was signed	Agreement not signed yet
Duration of public private partnership agreement	25 years after construction and occupation



Table 25.E Summary of expenditure on infrastructure

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
					Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)						
	Vessel	Research vessel to Antarctic, Marion Island and Gough Island	tender	1 156.4	–	–	–	–	144.5	467.3	501.5
	Buildings	Base building on Marion Island to replace old structures	finalising project	350.0	46.7	–	35.0	–	–	–	–
	Vessels	Replacement of research vessel	completed	150.0	33.3	51.9	20.0	–	–	–	–
	Accommodation facilities	Accommodation facilities in parks updated	in progress	500.0	41.0	41.0	51.1	57.3	63.1	66.6	71.8
	Accommodation facilities	Accommodation facilities in parks updated	in progress	635.3	–	29.0	157.9	202.6	185.8	–	60.0
	Equipment	Upgraded weather stations	in progress	240.0	–	–	60.0	35.0	52.5	92.5	–
	Construction	Upgraded rehabilitation of Langebaan	completed	85.0	14.0	15.0	–	–	–	–	–
	Construction	Upgraded South African National Biodiversity Institute: facilities	in progress	90.0	–	10.0	10.0	10.0	10.0	10.0	10.0
	facility upgrading	Upgraded facilities at iSimangaliso Wetland Park Authority	in progress	150.0	–	–	21.0	30.0	30.0	23.0	37.0
Small projects or programmes (costing less than R50 million per annum)											
			completed	56.5	–	6.5	20.0	30.0	–	–	–
			completed	11.7	–	3.7	3.9	4.1	–	–	–
			completed	68.0	14.0	15.0	–	–	–	–	–
			in progress	11.6	1.0	1.4	4.7	4.5	–	–	–
			completed	36.3	–	4.2	21.0	30.0	–	–	–
			in progress	200.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
			in progress	150.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Total				3 890.9	172.0	199.8	426.7	425.4	507.9	681.4	702.3

Table 25.F Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign In cash</b>												
Norway	Environmental cooperation programme	Environmental Quality and Protection	25 000	Goods and services	Monitoring of the environmental quality in climate change	–	–	3 200	4 529	5 539	6 322	3 618
Norway	Marine fisheries programme	Marine and Coastal Management	52 000	Goods and services	Development in sectors of marine fisheries	–	7 651	14 710	6 166	8 834	7 821	–
Norway	Environmental cooperation programme	Biodiversity and Conservation	23 000	Goods and services	Listing and control of endangered species and bio-safety	–	–	1 920	2 752	3 885	4 923	1 284
Norway	Environmental cooperation programme	Sector Services and International Relations	18 000	Goods and services	Development in greening the country with the focus on urban areas	–	–	1 529	2 495	3 201	3 672	1 195
Denmark	Air quality management programme	Environmental Quality and Protection	2 274	Goods and services	Measurable improvement in air quality in South Africa	236	439	663	823	539	–	–
Denmark	National waste management programme	Environmental Quality and Protection	48 000	Goods and services	National waste management strategy developed and currently being implemented.	7 955	10 000	1 300	1 100	–	–	–
Denmark	Environmental capacity building programme	Administration	14 000	Goods and services	Environmental capacity building in municipalities	3 599	1 237	2 745	1 089	563	–	–
Denmark	Urban environmental development programme	Environmental Quality and Protection	47 000	Goods and services	Development programme for urban areas on the environment management	–	–	–	1 983	2 156	3 385	4 326
World Bank	African stockpile programme	Environmental Quality and Protection	34 000	Goods and services	Tracing and collection of all redundant pesticides in the country and disposal thereof, as establishing a system to ensure long term collection and disposal of pesticides.	–	–	–	674	738	1 576	2 754
<b>Total</b>			<b>263 274</b>			<b>11 790</b>	<b>19 327</b>	<b>26 067</b>	<b>21 611</b>	<b>25 455</b>	<b>27 699</b>	<b>13 177</b>

# Vote 26

## Housing

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	198.5	194.7	–	3.9	192.3	202.7
Housing Policy, Research and Monitoring	58.0	56.5	–	1.5	59.2	62.8
Housing Planning and Delivery Support	138.5	136.4	–	2.0	142.9	159.8
Housing Development Finance	13 011.3	54.3	12 956.2	0.9	15 548.3	17 789.3
Strategic Relations and Governance	182.2	178.0	1.0	3.2	194.9	195.9
<b>Total expenditure estimates</b>	<b>13 588.6</b>	<b>620.0</b>	<b>12 957.2</b>	<b>11.4</b>	<b>16 137.5</b>	<b>18 410.5</b>
Executive authority	Minister of Housing					
Accounting officer	Director-General of Housing					
Website address	www.housing.gov.za					

### Aim

*The aim of the Department of Housing is to determine, finance, promote, coordinate, communicate and monitor the implementation of housing policy and human settlements.*

### Programme purposes

#### Programme 1: Administration

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

#### Programme 2: Housing Policy, Research and Monitoring

**Purpose:** Develop and promote human settlement and housing policies supported by a responsive research agenda. Monitor and assess the implementation, performance and impact of national housing policies and programmes.

#### Programme 3: Housing Planning and Delivery Support

**Purpose:** Support implementation and delivery, build capacity, and liaise and communicate with stakeholders for effective housing and human settlement programmes.

#### Programme 4: Housing Development Finance

**Purpose:** Fund housing and human settlement development programmes. Provide financial and grant management services. Promote investment in housing finance. Mobilise and promote financial probity within housing institutions. Manage all matters provided for by the Home Loan and Mortgage Disclosure Act (2000).

## **Programme 5: Strategic Relations and Governance**

**Purpose:** Coordinate the department's mandate within the intergovernmental relations framework, manage international relations, and promote good governance practices within the department and its public entities. Provide timely and integrated business information to the department.

### **Strategic overview: 2005/06 – 2011/12**

In continuing to support government's constitutional obligation to provide access to adequate housing, the development of sustainable communities remains the strategic anchor of the national Department of Housing. In addition to improving spatial integration and social cohesion, housing provides low income households with a key component of a sustainable livelihood.

#### **Refined models for service delivery**

At the service delivery level, the implementation of the comprehensive plan for sustainable human settlements requires provincial housing departments, municipalities and housing institutions to redefine and strengthen their service delivery models. The department has realigned its organisation and budget structure, creating the *Strategic Relations and Governance* programme and strengthening the *Housing Planning and Delivery Support* programme, to provide support for the development and implementation of these service delivery models.

#### **Key challenges**

Key challenges faced by the housing sector are inadequate intergovernmental coordination for accelerated housing delivery, specifically in relation to the ability of provinces and municipalities to deliver national objectives, and the lack of capacity to monitor and evaluate the implementation of housing programmes.

Another main challenge is creating a functioning housing market that allows low income households to capitalise on the equity provided by the free house, while minimising the distortions housing subsidies create for households in other segments of the housing market.

#### **Key policy developments**

The Housing Development Agency Act (2008) and the Social Housing Act (2008) provide for the establishment of two new public entities, the Housing Development Agency and the Social Housing Regulatory Authority. The Housing Development Agency aims to assist provinces and municipalities with land acquisition, project management and development, and the Social Housing Regulatory Agency will regulate social housing institutions that receive funds from government for the construction of low and medium income rental housing.

The national housing code was updated in 2008 in line with the comprehensive plan for sustainable human settlements. Focusing on particular areas, such as informal settlement upgrading, integrated residential development, and rural and social housing, the code provides for considerable flexibility in contracting strategies and aims at improving urban efficiency by focusing on the development needs of an entire community or area.

As part of the broader strategy to administer and maintain a national housing demand database, the new allocation strategy, operational from 2006/07, introduces a structured process for allocating housing subsidies to people registered on the national demand database. An integrated database will allow for better management of information on potential housing beneficiaries. The strategy also introduces the principle of registering housing needs and doing away with a waiting list system that creates expectations. Furthermore, the strategy seeks to provide a fair and just allocation system and curtail fraud and corruption.

#### **Focus over the medium term**

Over the MTEF period, the Department of Housing seeks to provide policy implementation guidance. This will include direct implementation support to provinces and municipalities, intervening in turnaround projects where there are blockages, and facilitating cooperation with the private sector. Refining the role of municipalities in

the housing delivery chain as well as the mechanisms that will allow for the rollout of accreditation as provided for in the Housing Act (1997) are critical to accelerating delivery. The department continues to provide assistance to provinces and municipalities in their planning of priority housing projects, including the Zanevula, Khutsong, Klarinet, Lerato Park, N2 Gateway, Cornubia and Ouboks developments. The department also monitors these projects separately.

## Selected performance and operations indicators

**Table 26.1 Housing**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of houses completed and in process of completion each year	Housing Development Finance	217 348	252 834	271 219	248 850	250 000	250 000	250 000
Number of units completed in rental programme each year	Housing Planning and Delivery Support	–	–	–	–	900	1 500	2 300
Number of individual credit linked subsidies approved each year	Housing Development Finance	1 509	614	907	572	700	850	1 000
Number of beneficiaries approved in the People's Housing Process each year	Housing Planning and Delivery Support	45 027	37 090	32 426	11 117	12 500	13 000	13 500
Number of municipalities provided with capacity development to support accreditation each year	Strategic Relations and Governance	–	–	3	18	18	18	18
Number of publications on housing sector each year	Strategic Relations and Governance	–	–	–	–	4	4	4
Turnaround time for projects to (fully subsidised) units (months)	Housing Development Finance	37-48	37-48	37-48	37-48	37-48	37-48	37-48

## Expenditure estimates

**Table 26.2 Housing**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	72.6	72.9	102.5	128.1	125.9	198.5	192.3	202.7
2. Housing Policy, Research and Monitoring	28.8	23.3	22.0	31.5	21.6	58.0	59.2	62.8
3. Housing Planning and Delivery Support	76.8	27.0	27.3	60.6	57.9	138.5	142.9	159.8
4. Housing Development Finance	5 011.7	6 929.4	8 255.1	10 456.5	10 197.4	13 011.3	15 548.3	17 789.3
5. Strategic Relations and Governance	58.9	113.3	179.4	251.8	231.9	182.2	194.9	195.9
<b>Total</b>	<b>5 248.8</b>	<b>7 166.0</b>	<b>8 586.3</b>	<b>10 928.5</b>	<b>10 634.7</b>	<b>13 588.6</b>	<b>16 137.5</b>	<b>18 410.5</b>
Change to 2008 Budget estimate				342.0	48.1	856.9	858.9	2 216.4

Table 26.2 Housing (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>224.9</b>	<b>254.1</b>	<b>352.5</b>	<b>507.5</b>	<b>470.7</b>	<b>620.0</b>	<b>652.5</b>	<b>691.5</b>
Compensation of employees	62.3	76.5	97.2	133.6	125.4	225.8	236.0	253.9
Goods and services	162.5	177.6	255.2	373.8	345.3	394.2	416.5	437.6
of which:								
Administrative fees	0.1	0.1	0.0	0.6	0.3	4.9	5.2	5.5
Advertising	4.2	20.8	46.5	94.6	94.6	53.7	54.5	51.4
Assets less than R5 000	1.4	1.5	1.5	3.4	3.4	4.9	1.9	1.6
Audit costs: External	2.4	4.2	4.3	3.8	3.8	6.5	6.3	6.8
Bursaries (employees)	0.1	0.2	0.3	1.8	0.6	3.0	3.7	3.9
Catering: Departmental activities	0.2	0.8	0.3	1.1	1.1	2.9	2.9	3.1
Communication	5.1	5.1	5.5	6.3	3.9	12.1	12.8	13.6
Computer services	37.4	39.9	39.8	44.8	44.8	59.7	59.1	64.6
Consultants and professional services: Business and advisory services	61.4	61.1	94.4	95.5	91.8	51.3	55.8	62.9
Consultants and professional services: Legal costs	1.7	0.6	1.0	1.5	0.9	5.7	6.1	6.4
Contractors	2.6	2.8	7.3	3.6	2.0	9.2	11.4	12.0
Agency and support / outsourced services	0.8	0.5	–	18.1	16.2	29.1	32.5	32.3
Entertainment	1.0	0.3	0.2	0.5	0.2	1.1	1.1	1.2
Inventory: Food and food supplies	0.4	0.8	1.5	0.1	0.1	0.4	0.4	0.4
Inventory: Fuel, oil and gas	0.1	0.1	0.1	0.1	0.1	0.4	0.4	0.5
Inventory: Other consumables	0.2	0.0	0.0	0.2	0.2	2.7	2.9	3.0
Inventory: Stationery and printing	4.7	3.7	5.6	12.9	9.4	17.7	19.5	20.7
Lease payments	9.0	7.9	10.2	13.5	12.3	18.0	18.8	20.2
Owned and leasehold property expenditure	–	–	–	0.3	0.3	3.6	3.8	4.0
Travel and subsistence	19.3	20.6	28.1	38.2	38.2	75.4	81.4	85.9
Training and development	2.2	2.0	1.2	10.7	6.4	12.9	13.8	14.6
Operating expenditure	1.8	1.6	1.7	10.9	8.3	10.7	11.5	12.1
Venues and facilities	6.1	2.9	5.5	11.4	6.5	8.2	10.6	10.8
Financial transactions in assets and liabilities	0.1	0.0	–	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>5 016.9</b>	<b>6 907.7</b>	<b>8 228.3</b>	<b>10 408.7</b>	<b>10 151.6</b>	<b>12 957.2</b>	<b>15 479.2</b>	<b>17 715.2</b>
Provinces and municipalities	4 868.1	6 677.9	8 149.9	10 177.9	9 920.9	12 592.3	15 026.8	17 222.4
Departmental agencies and accounts	148.3	229.4	77.2	227.7	227.7	363.9	451.5	491.8
Public corporations and private enterprises	0.0	–	–	–	–	–	–	–
Foreign governments and international organisations	0.1	0.1	0.6	1.0	1.0	1.0	1.0	1.0
Households	0.5	0.2	0.7	2.0	2.0	–	–	–
<b>Payments for capital assets</b>	<b>7.0</b>	<b>4.2</b>	<b>5.4</b>	<b>12.4</b>	<b>12.4</b>	<b>11.4</b>	<b>5.8</b>	<b>3.8</b>
Buildings and other fixed structures	–	–	–	–	–	0.2	–	–
Machinery and equipment	6.9	4.0	5.3	11.3	11.3	9.6	5.3	3.3
Software and other intangible assets	0.1	0.3	0.1	1.0	1.0	1.7	0.5	0.5
<b>Total</b>	<b>5 248.8</b>	<b>7 166.0</b>	<b>8 586.3</b>	<b>10 928.5</b>	<b>10 634.7</b>	<b>13 588.6</b>	<b>16 137.5</b>	<b>18 410.5</b>

## Expenditure trends

The Department of Housing's budget is largely driven by transfer payments to provinces, which account for 93 per cent of the total budget in 2009/10. Expenditure increased from R5.2 billion in 2005/06 to R10.9 billion in 2008/09 at an average annual rate of 27.7 per cent. Over the medium term, expenditure is set to increase to R18.4 billion in 2011/12 at an average annual rate of 19 per cent. The robust growth in the department is driven

by increases in the integrated housing and human settlement development grant to provinces, located in the *Housing Development Finance* programme, for accelerating housing delivery. This programme rises from R10.5 billion in 2008/09 to R17.8 billion in 2011/12 at an average annual rate of 19.4 per cent.

Spending in compensation of employees increased from R62.3 million in 2005/06 to R133.6 million in 2008/09 at an average annual rate of 29 per cent, and is expected to increase to R253.9 million in 2011/12 at an average annual rate of 23.9 per cent over the medium term. The strong growth in compensation of employees is due to the expansion of capacity across the department from 486 posts in 2008/09 to 721 funded posts in 2011/12.

Expenditure in the *Housing Policy, Research and Monitoring* programme increased from R28.8 million in 2005/06 to R31.5 million in 2008/09 at an average annual rate of 3 per cent, and is expected to increase to R62.8 million in 2011/12 at an average annual rate of 25.8 per cent over the medium term. The growth in this programme is higher than inflation due to additional posts to improve the monitoring and evaluation capacity in the department. With an increased focus on supporting provinces and municipalities to implement housing programmes, expenditure in the *Housing Planning and Delivery Support* programme is expected to increase from R60.6 million in 2008/09 to R159.8 million in 2011/12 at an average annual rate of 38.2 per cent.

Additional allocations over the medium term include:

- R20 million, R40 million and R60 million for the establishment and operational costs of the Housing Development Agency
- R50 million in 2010/11 and R50 million in 2011/12 for the recapitalisation of the Rural Housing Loan Fund
- R711.5 million, R804.1 million and R2.1 billion for the integrated housing and human settlement development grant, which includes R100 million in 2010/11 and R400 million in 2011/12, earmarked for the Khutsong resettlement project.

The department has identified efficiency savings of R114.7 million over the MTEF period in goods and services (R27.2 million, R35.6 million and R40.1 million) and transfers to public entities as a result of lower than expected inflation over the MTEF period (R2.6 million, R4.6 million and R5 million).

## Departmental receipts

Departmental receipts are derived mainly from repaid loans and advances to employees. Revenue is expected to increase by 154.5 per cent, from R1.1 million in 2008/09 to R2.8 million in 2009/10, because subsidies fraudulently issued to government officials will be repaid.

**Table 26.3 Departmental receipts**

	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
<b>Departmental receipts</b>	<b>945</b>	<b>1 870</b>	<b>675</b>	<b>1 053</b>	<b>1 053</b>	<b>2 781</b>	<b>510</b>	<b>540</b>
Sales of goods and services produced by department	100	111	137	120	120	145	154	163
Interest, dividends and rent on land	8	739	43	458	458	336	49	52
Sales of capital assets	–	–	213	–	–	–	–	–
Financial transactions in assets and liabilities	837	1 020	282	475	475	2 300	307	325
<b>Total</b>	<b>945</b>	<b>1 870</b>	<b>675</b>	<b>1 053</b>	<b>1 053</b>	<b>2 781</b>	<b>510</b>	<b>540</b>



## Programme 1: Administration

### Expenditure estimates

Table 26.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	1.1	1.1	1.1	1.0	1.1	1.1	1.2
Management	25.4	36.0	45.2	64.6	91.1	81.7	87.5
Corporate Services	39.2	29.1	48.2	53.8	96.8	99.0	102.8
Property Management	6.8	6.7	8.0	8.7	9.6	10.5	11.2
<b>Total</b>	<b>72.6</b>	<b>72.9</b>	<b>102.5</b>	<b>128.1</b>	<b>198.5</b>	<b>192.3</b>	<b>202.7</b>
Change to 2008 Budget estimate				13.3	26.8	10.9	10.7

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

#### Economic classification

	69.2	70.0	99.3	122.3	194.7	189.1	200.8
<b>Current payments</b>	<b>69.2</b>	<b>70.0</b>	<b>99.3</b>	<b>122.3</b>	<b>194.7</b>	<b>189.1</b>	<b>200.8</b>
Compensation of employees	23.4	29.8	43.3	44.1	72.6	74.2	79.3
Goods and services	45.7	40.1	56.0	78.2	122.1	114.9	121.5
of which:							
Administrative fees	–	–	–	0.1	2.0	2.1	2.2
Advertising	1.0	2.3	1.9	1.9	3.3	3.5	3.7
Assets less than R5 000	0.5	0.6	0.8	2.0	1.2	0.5	0.4
Bursaries (employees)	0.0	0.1	0.1	0.4	0.9	1.5	1.6
Catering: Departmental activities	0.1	0.4	–	0.3	1.0	0.9	1.0
Communication	3.5	3.5	3.1	2.5	5.6	5.9	6.3
Computer services	6.9	1.6	1.3	5.5	9.7	5.8	6.1
Consultants and professional services:	5.7	4.1	14.1	16.1	23.2	14.0	14.8
Business and advisory services							
Consultants and professional services:	1.7	0.6	1.0	1.5	5.6	6.0	6.4
Legal costs							
Contractors	2.5	2.5	7.2	2.8	4.1	4.4	4.6
Agency and support / outsourced services	0.2	0.2	–	10.8	4.4	4.7	5.0
Entertainment	0.8	0.3	0.2	0.3	0.5	0.5	0.6
Inventory: Food and food supplies	0.0	0.8	0.9	0.1	0.1	0.1	0.1
Inventory: Other consumables	0.0	0.0	0.0	0.2	1.3	1.4	1.5
Inventory: Stationery and printing	0.9	0.7	0.9	2.8	3.0	3.2	3.3
Lease payments	7.8	6.8	8.8	10.2	15.5	16.4	17.4
Owned and leasehold property expenditure	–	–	–	0.3	3.5	3.7	4.0
Travel and subsistence	10.7	13.1	13.8	14.1	25.9	27.6	29.3
Training and development	1.7	1.6	0.7	3.1	5.7	6.2	6.5
Operating expenditure	0.6	0.3	0.6	0.9	3.2	3.3	3.5
Venues and facilities	0.9	0.8	0.4	2.2	1.9	2.7	2.8
Financial transactions in assets and liabilities	0.1	0.0	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Households	0.2	0.2	0.2	–	–	–	–
<b>Payments for capital assets</b>	<b>3.1</b>	<b>2.7</b>	<b>3.0</b>	<b>5.8</b>	<b>3.9</b>	<b>3.2</b>	<b>1.9</b>
Buildings and other fixed structures	–	–	–	–	0.2	–	–
Machinery and equipment	3.0	2.5	3.0	5.5	3.2	3.1	1.8
Software and other intangible assets	0.1	0.1	0.0	0.3	0.5	0.1	0.1
<b>Total</b>	<b>72.6</b>	<b>72.9</b>	<b>102.5</b>	<b>128.1</b>	<b>198.5</b>	<b>192.3</b>	<b>202.7</b>

### Expenditure trends

Expenditure increased from 72.6 million in 2005/06 to R128.1 million in 2008/09 at an average annual rate of 20.8 per cent, and is expected to increase to R202.7 million in 2011/12 at an average annual rate of 16.5 per cent

over the medium term. This is mainly due to significant increases in compensation of employees for specialised human resource management services to the department. The internal audit, risk management and special investigation unit has been capacitated to become a fully fledged unit to provide these services.

This programme includes the functions of the office of the director-general, ministerial support and executive support. Some components historically located in this programme have been shifted to the *Strategic and Relations Governance* programme, following a departmental restructuring process.

Goods and services are set to increase significantly over the medium term, rising from R78.2 million in 2008/09 to R121.5 million in 2011/12, an average annual increase of 15.8 per cent. This growth is a result of additional resources for the special investigations unit.

The devolution of funds from the Department of Public Works to individual departments for leases and accommodation charges amounts to R9.6 million, R10.5 million and R11.2 million over the medium term.

## Programme 2: Housing Policy, Research and Monitoring

- *Management.*
- *Policy Development* creates national human settlement and housing policy and provides policy formulation and interpretation assistance. The subprogramme also maintains the national housing code, which contains all the current housing policies, programmes and implementation guidelines.
- *Research* initiates, undertakes and manages responsive research on integrated human settlements.
- *Monitoring and Evaluation* monitors, evaluates and assesses the implementation, performance and impact of national housing policy and programmes.

Funding in all these subprogrammes is used for salaries and other personnel related costs.

## Objectives and measures

- Create sustainable human settlements by developing and implementing housing policies and programmes that meet best practice benchmarks and comply with the Constitution and other legislation.
- Ensure that housing policies are effectively implemented by monitoring the number of subsidy instruments implemented by provinces and the impact of these programmes on housing beneficiaries.
- Ensure that policies are responsive through continuous research, programme reviews and evaluations, measured by the number of research publications and best practice determinations.

## Service delivery and spending focus

Following stakeholder consultations, the farm resident housing assistance programme was introduced in 2008. This programme will enable housing authorities to address the housing needs of farm residents by ensuring that farm workers are fully engaged in the settlement planning process. To further strengthen rural housing development, the department, in collaboration with the Rural Housing Loan Fund, developed an individual rural subsidy instrument for people living in communal areas with no or limited security of tenure. The instrument will enable beneficiaries to access building materials for self building purposes, assisted by the Rural Housing Loan Fund and the network of registered non-traditional lenders operating in these communities.

In 2008/09, the Department of Housing consolidated a strategy for accelerated housing delivery for military veterans of the anti-apartheid struggle. The housing subsidy qualifying criteria were adjusted to allow veterans to access subsidies, including those who are single and do not have financial dependants. A national task team will assist with implementing the strategy and monitoring progress. The veterans' associations of non-statutory forces are represented on the task team.

The department developed and launched a number of instruments to guide the implementation of the comprehensive plan for sustainable human settlements in all three spheres of government. These include the monitoring, evaluation and impact assessment policy and implementation guidelines, and the operating system for the policy and guidelines. The department has also initiated a project monitoring process to measure the

performance of provincial housing departments against targets set in their business plans to identify constraints and assist with addressing them swiftly.

Over the medium term, the department will conduct a beneficiary occupancy audit on a representative sample of all houses completed between 1994 and June 2008.

## Expenditure estimates

**Table 26.5 Housing Policy, Research and Monitoring**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	1.8	1.1	2.0	2.2	2.9	2.9	3.1
Policy Development	9.1	10.4	7.5	10.3	10.6	10.6	11.3
Research	11.2	5.6	5.8	6.9	20.8	21.1	22.2
Monitoring and Evaluation	6.7	6.2	6.8	12.1	23.8	24.6	26.1
<b>Total</b>	<b>28.8</b>	<b>23.3</b>	<b>22.0</b>	<b>31.5</b>	<b>58.0</b>	<b>59.2</b>	<b>62.8</b>
Change to 2008 Budget estimate				–	(115.8)	(123.6)	(130.7)

### Economic classification

<b>Current payments</b>	<b>28.3</b>	<b>22.8</b>	<b>21.7</b>	<b>30.9</b>	<b>56.5</b>	<b>58.7</b>	<b>62.4</b>
Compensation of employees	12.3	12.1	12.6	17.3	29.7	31.3	33.2
Goods and services	16.0	10.7	9.1	13.6	26.8	27.4	29.2
of which:							
Administrative fees	–	–	–	0.0	0.5	0.5	0.6
Advertising	0.4	0.6	0.0	0.9	1.5	1.6	1.7
Bursaries (employees)	0.0	0.0	0.1	0.5	0.5	0.5	0.6
Communication	0.6	0.4	0.8	0.6	0.8	0.8	0.9
Consultants and professional services: Business and advisory services	4.3	4.7	3.4	0.7	2.6	2.5	2.7
Agency and support / outsourced services	0.2	0.1	–	0.8	4.1	5.0	5.4
Inventory: Stationery and printing	0.5	0.3	0.3	0.6	3.2	3.3	3.7
Lease payments	0.6	0.4	0.5	0.6	0.2	0.2	0.2
Travel and subsistence	3.7	1.9	2.4	5.1	10.3	9.7	9.9
Training and development	0.3	0.2	0.1	1.7	0.8	0.8	0.9
Operating expenditure	0.8	0.4	0.2	0.6	0.4	0.5	0.5
Venues and facilities	4.0	1.1	0.9	1.1	0.8	0.9	1.0
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Non-profit institutions	–	0.1	–	–	–	–	–
Households	0.1	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>	<b>0.6</b>	<b>1.5</b>	<b>0.5</b>	<b>0.3</b>
Machinery and equipment	0.4	0.3	0.2	0.6	1.2	0.4	0.3
Software and other intangible assets	0.0	0.1	0.1	0.1	0.3	0.1	0.1
<b>Total</b>	<b>28.8</b>	<b>23.3</b>	<b>22.0</b>	<b>31.5</b>	<b>58.0</b>	<b>59.2</b>	<b>62.8</b>

## Expenditure trends

Expenditure has increased from R28.8 million in 2005/06 to R31.5 million in 2008/09, an average annual increase of 3 per cent. This is due to the department's restructuring process. The *Human Settlement Planning* subprogramme was shifted to the *Housing Planning and Delivery Support* programme, and the *Management Information Services* and *Contributions* subprogrammes were shifted to the *Strategic Relations and Governance* programme. Over the medium term, the budget grows at an average annual rate of 25.8 per cent, rising from R31.5 million in 2008/09 to R62.8 million in 2011/12. The robust growth in expenditure is related to increased research and monitoring and evaluation capacity in the department.

Goods and services decreased from R16 million in 2005/06 to R13.6 million in 2008/09 at an average annual rate of 5.3 per cent. Over the medium term, spending in goods and services is projected to increase at an average annual rate of 29.1 per cent to reach R29.2 million in 2011/12. Travel and subsistence, the largest expenditure item in goods and services, increases from R5.1 million in 2008/09 to R9.9 million in 2011/12 due to the department's monitoring of housing projects across provinces and municipalities.

## Programme 3: Housing Planning and Delivery Support

- *Management*.
- *Programme Implementation Support* provides support to provinces and municipalities to implement housing and human settlement projects and upgrade informal settlements.
- *Rental Housing and People's Housing Process* manages the implementation of the social and rental housing programme and the People's Housing Process.
- *Stakeholder Mobilisation* manages relations, mobilises, and collaborates with stakeholders in the non-government sector.
- *Capacity Development* builds capacity for housing administration and delivery in municipalities and provinces and promotes sustainable housing delivery and community empowerment.
- *Priority Projects Facilitation* is responsible for managing priority housing and human settlement projects nationally. These projects are funded off provincial budgets.
- *Human Settlement Planning* is responsible for managing human settlement planning processes and supporting the implementation of human settlement and housing development frameworks. This subprogramme was moved from Housing Policy, Research and Monitoring

Funding is mainly used for salaries and other personnel related costs.

### Objectives and measures

- Facilitate improved housing development planning by aligning municipal and provincial multi-year housing development plans.
- Improve housing development and delivery efficiency by assisting provinces and municipalities to develop comprehensive business plans and reporting systems.
- Improve the delivery rate of housing projects, including blocked projects, by providing technical support to provinces and municipalities.
- Facilitate rental and social housing uptake and accelerate People's Housing Process programmes by providing regulatory and implementation support to increase the delivery of rental and social housing and People's Housing Process units.
- Improve private stakeholder participation and collaboration by increasing the number of joint partnerships with private stakeholders.
- Develop professional and institutional capacity at provincial and municipal levels by managing training and skills development, measured by the availability of capacity to undertake roles and responsibilities within applicable standards.
- Facilitate the development of integrated human settlements by providing implementation and oversight support for priority projects, measured by their timeous completion and the speedy resolution of bottlenecks.

### Service delivery and spending focus

In implementing the memorandums of understanding with the Federation of the Urban and Rural Poor and Slum Dwellers International, provincial steering forums provide the space for key stakeholders to collaborate and support project level implementation. In 2008/09, close to 2 000 subsidy agreements were concluded and nearly 300 houses were under construction by the end of December 2008.

Due to poor spending performance and declining housing delivery in Eastern Cape, the department deployed a team to supplement the capacity of the provincial housing department. The team is currently establishing financial and internal control systems to ensure financial compliance.

In 2008, the Department of Housing concluded 4 memorandums of understanding with external stakeholders: Intersite, to facilitate access to certain land parcels; the Development Bank of Southern Africa, for programme and implementation capacity support; Anglo Platinum, for integrated human settlements development around large mining operations; and the Umsobomvu Youth Fund, for youth service in housing development. A project

implementation agreement for the Klarinet sustainable integrated housing project in Emalahleni was concluded with ABSA Development Company.

The Women in Housing indaba resulted in 52 houses being built in 52 days by different volunteering external stakeholders in August 2008.

The Govan Mbeki housing awards, held in October 2008, recognised Limpopo's housing department as the best provincial housing department, eThekwinini as the best metropolitan municipality, and Knysna as the best local municipality.

## Expenditure estimates

**Table 26.6 Housing Planning and Delivery Support**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	–	0.0	2.0	2.2	4.2	4.4	4.7
Programme Implementation Support	26.9	2.8	4.6	5.7	18.0	18.2	21.4
Rental Housing and People's Housing Process	5.1	3.6	3.3	10.3	27.0	27.5	28.5
Stakeholder Mobilisation	–	–	2.1	7.3	19.8	20.4	23.3
Capacity Development	44.8	20.6	8.7	21.1	39.3	41.2	46.4
Priority Projects	–	–	4.4	5.0	17.3	17.9	21.3
Human Settlement Planning	–	–	2.1	8.9	12.8	13.3	14.2
<b>Total</b>	<b>76.8</b>	<b>27.0</b>	<b>27.3</b>	<b>60.6</b>	<b>138.5</b>	<b>142.9</b>	<b>159.8</b>
Change to 2008 Budget estimate				2.6	(94.9)	(100.2)	(97.6)
<b>Economic classification</b>							
<b>Current payments</b>	<b>51.6</b>	<b>26.9</b>	<b>26.4</b>	<b>57.3</b>	<b>136.4</b>	<b>142.3</b>	<b>159.7</b>
Compensation of employees	7.3	7.5	11.5	25.8	53.8	56.9	60.3
Goods and services	44.3	19.4	15.0	31.6	82.6	85.4	99.4
<i>of which:</i>							
Administrative fees	–	–	–	0.0	1.4	1.5	1.6
Advertising	0.8	10.7	0.1	3.0	10.2	10.8	11.3
Assets less than R5 000	0.1	0.1	0.1	0.6	1.9	0.8	0.6
Bursaries (employees)	0.0	0.0	0.0	0.1	0.6	0.6	0.7
Catering: Departmental activities	0.0	0.0	0.1	0.2	1.0	1.1	1.2
Communication	0.2	0.2	0.4	0.9	3.1	3.3	3.5
Computer services	6.0	–	1.0	–	0.1	0.1	0.2
Consultants and professional services: Business and advisory services	35.6	7.3	7.2	8.5	19.9	20.9	31.8
Contractors	–	0.0	0.0	0.1	1.7	1.9	2.0
Agency and support / outsourced services	0.1	–	–	–	3.2	3.5	3.7
Inventory: Stationery and printing	0.1	0.1	0.1	1.2	3.0	3.2	3.4
Lease payments	0.0	0.0	0.0	0.8	1.5	1.3	1.7
Travel and subsistence	0.8	0.7	4.6	10.2	24.9	25.7	27.1
Training and development	0.0	0.0	0.2	2.4	1.9	2.0	2.1
Operating expenditure	0.1	0.0	0.1	0.2	4.0	4.1	4.4
Venues and facilities	0.4	0.2	1.0	3.3	3.7	3.9	3.6
<b>Transfers and subsidies</b>	<b>24.6</b>	<b>0.0</b>	<b>0.5</b>	<b>2.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	24.4	0.0	–	–	–	–	–
Public corporations and private enterprises	0.0	–	–	–	–	–	–
Households	0.1	0.0	0.5	2.0	–	–	–

Table 26.6 Housing Planning and Delivery Support (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Payments for capital assets</b>	<b>0.6</b>	<b>0.1</b>	<b>0.3</b>	<b>1.3</b>	<b>2.0</b>	<b>0.5</b>	<b>0.1</b>
Machinery and equipment	0.6	0.1	0.3	1.2	1.9	0.5	0.1
Software and other intangible assets	0.0	0.0	–	0.0	0.1	0.0	0.0
<b>Total</b>	<b>76.8</b>	<b>27.0</b>	<b>27.3</b>	<b>60.6</b>	<b>138.5</b>	<b>142.9</b>	<b>159.8</b>
<b>Details of selected transfers and subsidies</b>							
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Capital	24.4	–	–	–	–	–	–
Human settlement and redevelopment grant	24.4	–	–	–	–	–	–

## Expenditure trends

Expenditure declined from R76.8 million in 2005/06 to R60.6 million in 2008/09 at an average annual rate of 7.6 per cent, mainly due to the consolidation of the human settlement redevelopment programme into the integrated housing and human settlement development grant, in the *Housing Development Finance* programme in 2005/06. The programme's expenditure trends were affected by streamlined functions in the department and the shift of the *Human Settlement Planning* subprogramme from the *Housing Policy, Research and Monitoring* programme to this programme. Spending in the *Programme Implementation Support* subprogramme declined at an average annual rate of 40.2 per cent from 2005/06 to 2008/09, mainly due to lower expenditure on consultants.

Expenditure is projected to increase from R60.6 million in 2008/09 to R159.8 million in 2011/12 at an average annual rate of 38.2 per cent. Spending is driven by the *Priority Projects Facilitation* and *Programme Implementation Support* subprogrammes, through which the department provides direct implementation support to provinces and municipalities. The *Stakeholder Mobilisation* subprogramme will also increase its activities over the medium term to promote liaison with private sector stakeholders in the housing sector.

Spending in the *Capacity Development* subprogramme is expected to increase from R21.1 million in 2008/09 to R46.4 million in 2011/12 at an average annual rate of 29.9 per cent because the department is providing more training and support to municipalities.

Expenditure on goods and services is expected to increase from R31.6 million in 2008/09 to R99.4 million in 2011/12 at an average annual rate of 46.6 per cent. Increased activities to manage and support provinces in planning, blocked projects, informal settlement upgrading projects and priority projects are expected.

## Programme 4: Housing Development Finance

- *Management.*
- *Financial and Funds Management* provides overall financial and grant management services, including financial support, internal control, supply chain management and budget management, as well as grant management services and systems support. Funding is mainly used for salaries and other personnel related costs.
- *Housing Equity* manages activities related to the office of disclosure, housing aspects of the Financial Services Charter, and mobilising and promoting investment for housing development. Funding is mainly used for salaries and other personnel related costs.
- *Integrated Housing and Human Settlement Development Grant* reflects the conditional grant allocation that is transferred to the provinces. Funding is provided on the basis of housing needs, the number of households earning less than R3 500 per month, and the population in the province.



- *Contribution* makes contributions to the housing institutions. Funds are transferred on the basis of a public entity meeting the governance and financial management requirements stipulated in the Public Finance Management Act (1999).

## Objectives and measures

- Improve access to end user finance by collaborating with the financial sector to develop mechanisms to increase market penetration, measured by the profile (number, value and terms) of loans to low and medium income households.
- Improve the expenditure efficiency of provinces on housing delivery by providing financial and grant management support for the integrated housing and human settlement development grant and business planning and reporting support, in line with the Division of Revenue Act, so that provinces are able to use all transferred funds.
- Ensure financial management by maintaining adequate controls and systems, measured by compliance with regulations and established practices.

## Service delivery and spending focus

In 2008/09, the department finalised an internal policy document for procurement and asset management, and a manual for asset management. The provincial housing department in Eastern Cape was assisted with implementing financial control systems. Expenditure trends and service delivery performance were also reviewed to identify the root causes of the problems in this province. The department will continue to support the Eastern Cape provincial housing department with project planning and implementation to accelerate housing delivery.

## Expenditure estimates

**Table 26.7 Housing Development Finance**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Management	2.3	1.8	2.4	2.2	3.7	3.9	4.1
Financial and Funds Management	15.5	16.6	19.5	33.5	187.3	50.2	54.0
Housing Equity	2.2	3.8	6.2	15.1	14.2	16.0	17.0
Integrated Housing and Human Settlement Development grant	4 843.5	6 677.8	8 149.9	10 177.9	12 442.3	15 026.8	17 222.4
Contribution	148.3	229.4	77.2	227.7	363.9	451.5	491.8
<b>Total</b>	<b>5 011.7</b>	<b>6 929.4</b>	<b>8 255.1</b>	<b>10 456.5</b>	<b>13 011.3</b>	<b>15 548.3</b>	<b>17 789.3</b>
Change to 2008 Budget estimate				552.8	1 186.1	1 223.9	2 605.7

### Economic classification

Current payments	19.1	22.0	27.8	50.1	54.3	69.3	74.5
Compensation of employees	8.9	11.7	11.9	20.3	28.0	29.5	32.9
Goods and services	10.2	10.3	15.9	29.7	26.4	39.7	41.6
of which:							
Administrative fees	0.1	0.1	0.0	0.3	0.4	0.5	0.5
Advertising	0.1	0.3	0.2	0.9	0.5	1.5	1.6
Assets less than R5 000	0.3	0.2	0.1	0.4	0.9	0.3	0.5
Audit costs: External	2.4	4.2	4.3	3.8	6.4	6.2	6.7
Communication	0.2	0.3	0.4	0.7	1.2	1.3	1.4
Computer services	0.8	0.8	2.5	2.3	3.3	3.9	6.1
Consultants and professional services: Business and advisory services	3.8	2.2	4.8	7.8	0.4	7.4	5.2
Inventory: Stationery and printing	0.5	0.5	0.7	1.7	2.3	3.2	3.4
Lease payments	0.1	0.2	0.2	0.7	0.4	0.4	0.5
Travel and subsistence	1.3	1.3	2.2	3.0	6.1	8.9	9.4
Training and development	0.1	0.1	0.0	1.2	1.7	1.9	2.0
Operating expenditure	0.2	0.1	0.1	4.7	1.1	1.2	1.3
Venues and facilities	0.0	0.0	0.3	1.6	0.6	1.8	1.9



Table 26.7 Housing Development Finance (continued)

R million	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	appropriation 2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>4 991.8</b>	<b>6 907.3</b>	<b>8 227.0</b>	<b>10 405.7</b>	<b>12 956.2</b>	<b>15 478.2</b>	<b>17 714.2</b>
Provinces and municipalities	4 843.5	6 677.8	8 149.9	10 177.9	12 592.3	15 026.8	17 222.4
Departmental agencies and accounts	148.3	229.4	77.2	227.7	363.9	451.5	491.8
Households	0.0	0.0	0.0	–	–	–	–
<b>Payments for capital assets</b>	<b>0.8</b>	<b>0.2</b>	<b>0.3</b>	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>
Machinery and equipment	0.8	0.2	0.3	0.8	0.9	0.6	0.4
Software and other intangible assets	–	–	–	0.0	–	0.2	0.2
<b>Total</b>	<b>5 011.7</b>	<b>6 929.4</b>	<b>8 255.1</b>	<b>10 456.5</b>	<b>13 011.3</b>	<b>15 548.3</b>	<b>17 789.3</b>
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Capital</b>	<b>4 843.5</b>	<b>6 677.8</b>	<b>8 149.9</b>	<b>10 177.9</b>	<b>12 592.3</b>	<b>15 026.8</b>	<b>17 222.4</b>
Integrated housing and human settlement development grant	4 843.5	6 677.8	8 149.9	10 177.9	12 442.3	15 026.8	17 222.4
Housing disaster relief grant	–	–	–	–	150.0	–	–
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>148.3</b>	<b>229.4</b>	<b>77.2</b>	<b>227.7</b>	<b>363.9</b>	<b>451.5</b>	<b>491.8</b>
National Urban Reconstruction and Housing Agency	22.9	21.0	19.0	–	–	–	–
People's Housing Partnership Trust	5.0	1.0	–	–	–	–	–
Servcon Housing Solutions	42.1	35.0	–	–	–	–	–
Social Housing Foundation	20.6	126.5	15.1	21.7	23.0	24.3	25.7
Thubelisha Homes	57.7	46.0	43.0	206.0	6.3	6.6	7.0
Social Housing Regulatory Authority	–	–	–	–	285.0	301.8	320.5
Rural Housing Loan Fund	–	–	–	–	–	49.5	49.5
Housing Development Agency	–	–	–	–	49.7	69.3	89.1

## Expenditure trends

Expenditure on the *Integrated Housing and Human Settlement Development Grant* subprogramme increased at an average annual rate of 28.1 per cent from R4.8 billion in 2005/06 to R10.2 billion in 2008/09. The growth is due mainly to the increase in the integrated housing and human settlement development grant, which channels funds to provinces for housing delivery. The grant is expected to reach R17.2 billion in 2011/12, increasing at an average annual rate of 19.2 per cent over the medium term. This growth is due to additional allocations totalling R3.7 billion to accelerate the upgrading of informal settlements and the implementation of priority projects, as well as cater for the increase in the cost of building material. An additional R150 million has been allocated in 2009/10 for the housing disaster relief grant to KwaZulu-Natal. This is for rehabilitating and constructing houses and related infrastructure that were damaged by storms in November 2008.

Spending in goods and services increases from R29.7 million in 2008/09 to R41.6 million in 2011/12 at an average annual rate of 11.8 per cent. This is mainly due to efforts by the grant management unit to manage the provincial intervention through regular visits to ensure compliance with the Division of Revenue Act. This programme has been expanded to include the fund mobilisation unit in the housing equity chief directorate. The unit identifies and mobilises housing finance and investment opportunities.

## Programme 5: Strategic Relations and Governance

- *Management.*
- *Management Information Services* manages the development and implementation of integrated business solutions and data and information, and provides knowledge services.
- *Intergovernmental Relations and International Relations* facilitates the department's participation in and management of international and intergovernmental relations.

- *Communication* manages communication and public relations.
- *Housing Institutions* provides oversight management of housing institutions, including monitoring, analysing and reporting on financial and non-financial performance and corporate governance.
- *Strategic Management* manages overall organisational planning and supports the strategic management and operations of the department.
- *Transformation* develops and manages transformation programmes in compliance with the national policy framework and international human rights' instruments and directives.
- *Contributions* makes contributions to the housing institutions and the Habitat Foundation to support the work of the United Nations human settlement programme.

## Objectives and measures

- Provide oversight management of housing institutions through performance and corporate planning monitoring as well as governance oversight, measured by compliance to regulations and delivery on mandates.
- Provide integrated business solutions and support as well as business information and related products by maintaining housing and human settlements databases and quality control, measured by the availability of accurate information, data and solutions.
- Provide an integrated communication service through public information and marketing, corporate communications and media relations, measured by sustainable awareness and knowledge and information dissemination that empower stakeholders within and outside the department.
- Provide governance management by coordinating transversal programmes, measured by adequate comprehensive risk management, internal auditing, programme alignment, and reporting.

## Service delivery and spending focus

Cooperation on human settlements was consolidated at the India-Brazil-South Africa summit in October 2008. Cooperation with the Democratic Republic of the Congo resulted in a capacity development plan and support for housing institutional reform.

An atlas of informal settlements in South Africa was developed as an information tool and platform for intersectoral collaboration.

The rationalisation of housing institutions to support accelerated delivery is gaining momentum. Task teams will oversee the closure of Servcon and Thubelisha Homes. Following the promulgation of the Housing Development Agency Act (2008), the establishment of the Housing Development Agency is at an advanced stage. The chief executive officer and board have been appointed and key projects are already being facilitated by a dedicated project team.

## Expenditure estimates

**Table 26.8 Strategic Relations and Governance**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	1.8	1.9	1.2	2.2	4.9	8.9	6.2
Management Information Services	40.6	44.0	48.1	54.1	64.3	67.3	70.8
Intergovernmental and International Relations	2.3	43.8	56.6	63.3	21.2	22.6	21.9
Communication	12.2	19.4	60.9	81.5	67.9	69.5	66.9
Housing Institutions	0.2	2.2	4.0	40.1	11.8	12.6	13.4
Strategic Management	1.7	1.9	2.1	5.4	4.8	6.3	7.4
Transformation	–	–	5.8	4.1	6.3	6.7	8.3
Contributions	0.1	0.1	0.6	1.0	1.0	1.0	1.0
<b>Total</b>	<b>58.9</b>	<b>113.3</b>	<b>179.4</b>	<b>251.8</b>	<b>182.2</b>	<b>194.9</b>	<b>195.9</b>
Change to 2008 Budget estimate				(226.7)	(145.2)	(152.1)	(171.7)

Table 26.8 Strategic Relations and Governance (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>56.7</b>	<b>112.4</b>	<b>177.3</b>	<b>246.9</b>	<b>178.0</b>	<b>193.1</b>	<b>194.1</b>
Compensation of employees	10.3	15.4	18.1	26.1	41.7	44.0	48.2
Goods and services	46.4	97.0	159.2	220.8	136.3	149.1	145.9
of which:							
Administrative fees	–	–	–	0.1	0.6	0.6	0.7
Advertising	1.9	6.9	44.3	88.0	38.2	37.1	33.1
Assets less than R5 000	0.3	0.3	0.2	0.4	0.7	0.2	0.1
Bursaries (employees)	0.0	0.0	0.1	0.6	0.7	0.8	0.8
Catering: Departmental activities	0.1	0.3	–	0.2	0.4	0.4	0.5
Communication	0.6	0.7	0.8	1.6	1.4	1.5	1.6
Computer services	23.7	37.5	35.1	37.0	46.5	49.1	52.1
Consultants and professional services: Business and advisory services	12.1	42.8	64.9	62.4	5.3	11.0	8.4
Contractors	–	0.1	0.1	0.2	2.8	4.6	4.8
Agency and support / outsourced services	0.2	0.1	–	6.4	16.9	18.9	17.7
Inventory: Food and food supplies	0.4	0.0	0.6	0.0	0.1	0.1	0.1
Inventory: Other consumables	0.1	0.0	0.0	–	1.1	1.2	1.2
Inventory: Stationery and printing	2.7	2.1	3.5	6.6	6.3	6.6	6.9
Lease payments	0.4	0.6	0.8	1.2	0.3	0.3	0.4
Travel and subsistence	2.8	3.6	5.0	5.8	8.3	9.5	10.1
Training and development	0.2	0.1	0.2	2.4	3.0	3.0	3.1
Operating expenditure	0.2	0.8	0.7	4.5	2.0	2.3	2.5
Venues and facilities	0.8	0.7	2.9	3.2	1.3	1.4	1.5
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.1</b>	<b>0.6</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Foreign governments and international organisations	0.1	0.1	0.6	1.0	1.0	1.0	1.0
Households	0.0	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>2.1</b>	<b>0.8</b>	<b>1.4</b>	<b>3.9</b>	<b>3.2</b>	<b>0.8</b>	<b>0.8</b>
Machinery and equipment	2.1	0.8	1.4	3.3	2.4	0.7	0.7
Software and other intangible assets	–	–	–	0.6	0.7	0.1	0.1
<b>Total</b>	<b>58.9</b>	<b>113.3</b>	<b>179.4</b>	<b>251.8</b>	<b>182.2</b>	<b>194.9</b>	<b>195.9</b>

## Expenditure trends

Expenditure in this new programme under the management of the chief operations officer increased from R58.9 million in 2005/06 to R251.8 million in 2008/09 at an average annual rate of 62.3 per cent. The growth is driven by the Breaking New Ground communications campaign in 2007/08 and 2008/09. The subprogrammes have been shifted from other programmes in line with the department's new organisational structure. Over the medium term, expenditure is expected to decrease at an average annual rate of 8 per cent to reach R195.9 million in 2011/12. The decrease is due to the reprioritisation of funds in the *Intergovernmental and International Relations* subprogramme and once-off expenditure for establishing the Housing Development Agency in 2008/09 in the *Housing Institutions* subprogramme.

Compensation of employees is expected to increase from R26.1 million in 2008/09 to R48.2 million in 2011/12 at an average annual rate of 22.7 per cent. This increase will allow the different units to populate their structures following the departmental restructuring process. The increase in expenditure on advertising in 2008/09 relates to intensified departmental media campaigns to promote housing policy.

## Public entities

### National Home Builders Registration Council

#### Strategic overview: 2005/06 - 2011/12

The National Home Builders Registration Council was established in terms of the Housing Consumers Protection Measures Act (1998) to provide regulatory control over the home building industry and warranty protection to housing consumers against any failure of a home builder's statutory obligations. Building activity is inspected to ensure compliance and protect housing consumers. In addition, the council is involved in evaluating new or alternative housing building technologies.

In recent years, the council has prioritised training and capacity building to promote a satisfactory level of technical standards in the home building environment. In 2008, the training programme was improved to cater for different types of geographical typologies. The council recently created a fund to promote training and capacity building for women, youth and the unemployed.

#### Selected performance and operations indicators

**Table 26.9 National Home Builders Registration Council**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of registrations each year	3 972	4 595	3 628	4 820	5 296	5 667	6 063
Number of renewals each year	10 069	11 033	12 390	12 390	11 534	13 079	13 995
Number of enrolments (non-subsidy) each year	64 641	78 568	80 239	78 568	55 897	59 810	63 996
Number of late enrolments each year	2 786	4 538	4 132	4 583	2 795	2 991	3 200
Number of new subsidy project enrolments (units) each year	140 456	120 480	77 560	124 190	145 644	155 839	166 748
Number of new subsidy home enrolments (units) each year	15 089	59 361	69 616	100 000	101 269	108 358	115 943
Number of inspections each year	308 709	645 731	738 001	435 336	25 241	27 008	28 898
Number of complaints each year	1 433	1 241	2 824	2 680	3 113	3 268	3 431
Number of conciliations each year	482	318	2 824	3 400	1 556	1 634	1 716
Number of suspensions each year	335	472	645	800	1 500	1 700	1 921
Number of deregistrations each year	61	154	–	155	100	200	202
Number of withdrawals each year	–	154	577	200	150	100	67

#### Service delivery and spending focus

Over the past year, the National Home Builders Registration Council opened 10 new offices in Eastern Cape (East London and George), Free State (Bethlehem), Gauteng (Tshwane), KwaZulu-Natal (Newcastle and Port Shepstone), Limpopo (Tzaneen and Bela Bela), Mpumalanga (Emalahleni), and North West (Klerksdorp). Over the medium term, a further 6 new mobile offices will be introduced in Eastern Cape, Free State, Northern Cape, Limpopo, North West and Western Cape.

Extended warranty options are being considered, such as extending the current structural warranty of 5 years to 10 years. These may be introduced when the warranty fund reaches sufficient levels of adequacy in terms of its capital and cash reserves.

Subsidy sector enrolment processes have been improved, resulting in improved efficiency and turnaround times. Dedicated National Home Builders Registration Council engineers visit provinces regularly to evaluate geotechnical and related enrolment documentation.

Over the MTEF period, the council will implement e-learning for training emerging home builders and establish accredited training centres in the provinces. Furthermore, products and services will be expanded through research and development.

## Expenditure estimates

**Table 26.10 National Home Builders Registration Council: Activity information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Risk mitigation expenses: Non-subsidy	37.0	44.7	60.2	100.6	75.8	81.1	86.8
Marketing expenses	7.4	6.8	7.4	10.0	9.1	9.7	10.4
Training of emerging contractors	–	17.0	37.0	37.0	36.7	37.0	37.0
Risk mitigation expenses: Subsidy	–	–	–	–	50.6	54.2	58.0
Forensic investigation and rectification	5.2	7.6	19.3	4.0	5.5	5.8	6.3
Other activities	166.4	128.8	165.3	458.3	360.9	383.1	408.9
<b>Total expense</b>	<b>216.0</b>	<b>204.9</b>	<b>289.2</b>	<b>609.8</b>	<b>538.5</b>	<b>571.0</b>	<b>607.3</b>

**Table 26.11 National Home Builders Registration Council: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>542.1</b>	<b>530.3</b>	<b>773.6</b>	<b>809.8</b>	<b>756.6</b>	<b>809.5</b>	<b>866.2</b>
Sale of goods and services other than capital assets of which:	422.5	399.6	591.5	647.3	539.7	577.5	617.9
Sales by market establishments	422.5	399.6	591.5	647.3	539.7	577.5	617.9
Other non-tax revenue	119.6	130.7	182.1	162.6	216.9	232.0	248.3
<b>Total revenue</b>	<b>542.1</b>	<b>530.3</b>	<b>773.6</b>	<b>809.8</b>	<b>756.6</b>	<b>809.5</b>	<b>866.2</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>216.0</b>	<b>204.9</b>	<b>289.2</b>	<b>609.8</b>	<b>538.5</b>	<b>571.0</b>	<b>607.3</b>
Compensation of employees	68.6	90.4	127.9	181.0	192.5	206.0	220.4
Goods and services	142.3	110.9	155.5	403.0	319.0	337.4	356.8
Depreciation	5.1	3.6	5.7	25.8	27.0	27.5	30.1
Interest, dividends and rent on land	0.0	0.0	0.2	–	–	–	–
<b>Total expenses</b>	<b>216.0</b>	<b>204.9</b>	<b>289.2</b>	<b>609.8</b>	<b>538.5</b>	<b>571.0</b>	<b>607.3</b>
<b>Surplus / (Deficit)</b>	<b>326.2</b>	<b>325.4</b>	<b>484.4</b>	<b>200.0</b>	<b>218.0</b>	<b>238.6</b>	<b>258.9</b>
<b>Statement of financial position</b>							
Carrying value of assets	7.3	35.9	83.4	91.5	84.8	77.9	74.4
of which: Acquisition of assets	4.8	32.4	53.3	33.9	20.3	20.6	26.6
Investments	1 438.2	1 943.4	2 437.1	2 574.4	2 776.0	3 026.4	3 294.0
Inventory	0.0	0.1	0.3	0.3	0.4	0.4	0.4
Receivables and prepayments	78.6	2.4	12.9	0.7	0.7	0.8	0.8
Cash and cash equivalents	16.9	60.4	72.8	5.1	5.2	5.4	5.5
<b>Total assets</b>	<b>1 540.9</b>	<b>2 042.1</b>	<b>2 606.6</b>	<b>2 671.9</b>	<b>2 867.1</b>	<b>3 110.8</b>	<b>3 375.2</b>
Accumulated surplus/deficit	597.1	954.9	1 402.3	1 602.3	1 820.3	2 058.9	2 317.8
Capital and reserves	–	47.3	37.2	–	–	–	–
Trade and other payables	88.5	107.2	184.3	81.8	59.8	64.6	69.8
Provisions	855.4	932.8	982.8	987.8	986.9	987.3	987.7
<b>Total equity and liabilities</b>	<b>1 540.9</b>	<b>2 042.1</b>	<b>2 606.6</b>	<b>2 671.9</b>	<b>2 867.1</b>	<b>3 110.8</b>	<b>3 375.2</b>

## Expenditure trends

Revenue is set to increase from R542.1 million in 2005/06 to R866.2 million in 2011/12 at an average annual rate of 8.1 per cent. This strong growth is related to an increase in the number of houses enrolled with the National Home Builders Registration Council. Compensation of employees grows at an average annual rate of 38.2 per cent from 2005/06 to 2008/09 due to the staffing of new offices. Over the medium term, the surplus is expected to increase from R200 million in 2008/09 to R258.9 million in 2011/12. The accumulated surplus,

which finances the warranty scheme, increased from R597.1 million in 2005/06 to R1.6 billion in 2008/09 at an average annual rate of 39 per cent, and is expected to increase to R2.3 billion in 2011/12.

## National Housing Finance Corporation

### Strategic overview: 2005/06 – 2011/12

The National Housing Finance Corporation is a schedule 3A public entity. It was established in 1996 as a development finance institution to contribute to reducing South Africa's housing backlog by mobilising, raising and deploying housing finance from sources outside the public sector.

The National Housing Finance Corporation has positioned itself as a financial wholesaler, providing wholesale finance on an institutional level to financial intermediaries, as well as funding for social housing. Since 1996, the council has disbursed R2.4 billion in funding and delivered 264 130 housing opportunities. Despite these efforts, the Southern African Housing Foundation estimates that there is presently a national housing supply shortage of more than 600 000 units for households earning between R2 500 and R8 600 per month.

The National Housing Finance Corporation launched a pilot project in 2007 to test the market for a retail product. The project was restricted to personnel members. It was concluded in 2008, and findings and lessons will inform a review of the corporation's strategy.

The National Housing Finance Corporation will continue to act as a wholesale and project financier over the MTEF period. It will also play a major role in the social housing sector through the ongoing implementation of the recommendations of the presidential job summit, thus stimulating the supply of much needed housing stock.

### Selected performance and operations indicators

**Table 26.12 National Housing Finance Corporation**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of housing units financed by the National Housing Finance Corporation each year	–	14 443	13 128	22 401	26 013	29 012	32 600
Value of houses financed through strategic partnerships each year	–	–	–	R500m	R610m	R610m	R610m
Number of housing units financed through strategic partnerships each year	–	–	–	23 000	23 700	23 700	23 700

### Service delivery and spending focus

In 2008/09, the National Housing Finance Corporation concluded a number of transactions with private sector stakeholders. It provided Seakay Engineering, a Johannesburg stock exchange listed developer, with a development loan of R128 million. The corporation signed a memorandum of understanding with Basil Read for a R1.3 billion mixed income integrated project in Free State, and also entered into a joint venture with Pan African Capital Holdings to develop and provide non-traditional housing finance products.

Over the MTEF period, the National Housing Finance Corporation will increase funding to support the provision of low income housing, both for rental and ownership. Further, the corporation will continue to enter into joint ventures with the private sector to develop innovative products for the housing market.

## Expenditure estimates

**Table 26.13 National Housing Finance Corporation: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>170.4</b>	<b>187.9</b>	<b>231.6</b>	<b>243.0</b>	<b>261.5</b>	<b>368.0</b>	<b>485.8</b>
Interest on loans	170.4	187.9	231.6	243.0	261.5	368.0	485.8
<b>Total revenue</b>	<b>170.4</b>	<b>187.9</b>	<b>231.6</b>	<b>243.0</b>	<b>261.5</b>	<b>368.0</b>	<b>485.8</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>62.1</b>	<b>99.4</b>	<b>125.5</b>	<b>115.5</b>	<b>152.6</b>	<b>202.2</b>	<b>248.8</b>
Compensation of employees	34.7	38.9	45.2	53.1	68.6	75.9	84.0
Goods and services	26.0	59.6	79.7	60.2	79.9	107.4	123.7
Depreciation	1.4	0.8	0.6	2.1	4.1	5.3	5.7
Interest, dividends and rent on land	–	–	–	–	–	13.5	35.5
<b>Total expenses</b>	<b>93.5</b>	<b>125.0</b>	<b>171.0</b>	<b>151.2</b>	<b>183.1</b>	<b>248.6</b>	<b>315.2</b>
<b>Surplus / (Deficit)</b>	<b>76.9</b>	<b>62.9</b>	<b>60.6</b>	<b>91.8</b>	<b>78.4</b>	<b>119.4</b>	<b>170.7</b>
<b>Statement of financial position</b>							
Carrying value of assets	1.2	0.9	1.2	17.1	20.2	23.1	24.3
of which: Acquisition of assets	0.5	0.5	0.9	18.0	7.3	8.2	6.8
Investments	277.6	1 417.9	1 393.8	915.5	47.5	47.5	47.5
Loans	755.7	846.6	929.5	1 075.0	1 888.8	2 830.1	3 902.2
Receivables and prepayments	54.2	27.2	16.9	146.6	12.3	9.5	11.1
Cash and cash equivalents	1 390.7	224.9	217.9	3.0	609.5	500.6	503.3
Assets not classified elsewhere	–	54.1	34.1	488.0	516.7	519.5	522.2
<b>Total assets</b>	<b>2 479.5</b>	<b>2 571.6</b>	<b>2 593.4</b>	<b>2 645.1</b>	<b>3 095.0</b>	<b>3 930.3</b>	<b>5 010.6</b>
Capital and reserves	1 922.3	1 985.2	2 045.8	2 137.6	2 516.0	3 035.4	3 806.0
Borrowings	28.2	–	–	–	–	153.3	355.0
Trade and other payables	8.0	7.3	2.0	12.4	59.4	223.5	329.3
Provisions	2.1	8.0	10.5	–	–	–	–
Managed funds	518.9	547.2	496.3	478.4	507.1	509.9	512.6
Liabilities not classified elsewhere	–	23.9	38.8	16.7	12.5	8.4	7.7
<b>Total equity and liabilities</b>	<b>2 479.5</b>	<b>2 571.6</b>	<b>2 593.4</b>	<b>2 645.1</b>	<b>3 095.0</b>	<b>3 930.3</b>	<b>5 010.6</b>

## Expenditure trends

Expenditure is expected to increase from R93.5 million in 2005/06 to R183.1 million in 2009/10, including the additional expenditure related to the restructuring of the institution and the introduction of new programmes. Expenditure is expected to grow to R315.2 million in 2011/12 driven by fair value adjustments to financial assets, and higher interest payments related to borrowing activities.

Compensation of employees increases steadily over the seven-year period, rising from R34.7 million in 2005/06 to R84 million in 2011/12. Growth accelerates between 2007/08 and 2011/12 as a result of the impact of human resources associated with the growth of the institution.

Capital expenditure increases from R528 000 in 2005/06, reaching a peak of R18 million in 2008/09. This growth is attributable to the acquisition of capital assets for implementing the retail programme. Capital expenditure is expected to decrease to between R8.2 million and R6.8 million over the medium term.



## National Urban Reconstruction and Housing Agency

### Strategic overview: 2005/06 - 2011/12

The National Urban Reconstruction and Housing Agency is the result of a partnership between the South African government and the Open Society Institute of New York, and was established in 1995. The agency's strategic focus is on financing building contractors in the housing industry, specifically for subsidised, affordable housing and related community infrastructure.

The National Urban Reconstruction and Housing Agency differentiates between established and emerging contractors. Finance is provided to established contractors directly, while a separate, specialised, intermediaries channel is used to provide finance to emerging contractors. In this way, risks associated with this market segment by the traditional financial institutions are normalised. The intermediaries assist the emerging contractors with a range of construction support services. Current partnerships between intermediaries and the agency are being reviewed on a strategic level to ensure their future commitment, secure continuity and broaden the regional presence of the institution.

### Selected performance and operations indicators

**Table 26.14 National Urban Reconstruction and Housing Agency**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of subsidy houses completed each year	14 769	10 776	15 134	15 527	17 080	18 788	20 666
Number of affordable houses completed each year	4 196	5 009	230	589	648	713	784
Number of serviced sites completed (including subsidy housing and affordable housing) each year	3 392	2 841	5 454	3 230	3 553	3 908	4 299
Number of infrastructure and community facilities completed each year	–	6	25	26	29	31	35
Number of rental houses completed each year (phased out)	380	14	–	–	–	–	–
Total value of loans: Subsidy houses	R81m	R52.6m	R74.4m	R207.7m	R228.5m	R251.3m	R276.5m
Total value of loans: Affordable houses	R90.4m	R41.1m	R12.4m	R154.2m	R170m	R186.6m	R205.3m
Total value of loans: Serviced sites	R6m	R29.2m	R85m	R36.4m	R40m	R44m	R48.4m
Total value of loans: Infrastructure and community facilities	R11.4m	R34.5m	R90.2m	R100m	R110m	R121m	R133.1m
Total value of loans: Rental housing	R8.4m	R913 000	–	–	–	–	–
Provision for project losses as a percentage of loan book	0%	0%	0%	0%	0%	0%	0%
Project losses written off each year	R3.5m	R3.7m	–	R73 423	–	–	–

### Service delivery and spending focus

In 2007/08, the National Urban Reconstruction and Housing Agency experienced abnormal financial losses on projects in Limpopo, which continue to be subject to investigation and potential litigation. As a result, management has identified the review and improvement of controls and legal instruments as key priorities over the medium term. As the agency is dependent on subsidised projects, it will continue with proposals to improve payment processes to mitigate the risk of conducting business with emerging contractors.

### Expenditure estimates

**Table 26.15 National Urban Reconstruction and Housing Agency: Activity information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Subsidy housing	6.0	10.5	23.7	17.5	19.0	20.8	21.8
Affordable housing	2.2	4.8	1.7	3.5	3.7	3.9	4.1
Infrastructure and community facilities completed	0.6	1.1	2.0	2.5	2.7	2.9	3.0
Administration construction finance	1.2	1.3	1.2	2.0	2.1	2.2	2.3
Other activities	20.3	21.4	35.7	37.3	40.1	42.2	44.8
<b>Total expense</b>	<b>30.3</b>	<b>39.1</b>	<b>64.4</b>	<b>62.6</b>	<b>67.6</b>	<b>72.1</b>	<b>76.1</b>

**Table 26.16 National Urban Reconstruction and Housing Agency: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>26.4</b>	<b>39.6</b>	<b>50.2</b>	<b>68.7</b>	<b>74.1</b>	<b>79.8</b>	<b>83.2</b>
<i>Other non-tax revenue</i>	26.4	39.6	50.2	68.7	74.1	79.8	83.2
<b>Transfers received</b>	0.6	–	–	–	–	–	–
<b>Total revenue</b>	<b>26.9</b>	<b>39.6</b>	<b>50.2</b>	<b>68.7</b>	<b>74.1</b>	<b>79.8</b>	<b>83.2</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>30.3</b>	<b>39.1</b>	<b>64.4</b>	<b>62.6</b>	<b>67.6</b>	<b>72.1</b>	<b>76.1</b>
Compensation of employees	16.5	15.7	19.1	24.7	26.2	27.7	29.1
Goods and services	8.5	12.6	30.1	16.5	18.4	19.6	20.4
Depreciation	0.4	0.4	0.4	0.4	0.5	0.5	0.4
Interest, dividends and rent on land	4.9	10.4	14.8	20.9	22.5	24.2	26.1
<b>Total expenses</b>	<b>30.3</b>	<b>39.1</b>	<b>64.4</b>	<b>62.6</b>	<b>67.6</b>	<b>72.1</b>	<b>76.1</b>
<b>Surplus / (Deficit)</b>	<b>(3.4)</b>	<b>0.5</b>	<b>(14.2)</b>	<b>6.0</b>	<b>6.5</b>	<b>7.7</b>	<b>7.1</b>
<b>Statement of financial position</b>							
Carrying value of assets	1.1	1.0	1.0	0.9	0.5	0.1	0.2
<i>of which: Acquisition of assets</i>	0.9	0.2	0.5	0.3	0.1	0.1	0.5
Investments	164.8	167.6	226.3	372.5	397.4	420.0	430.6
Receivables and prepayments	2.7	1.2	0.3	0.4	0.2	0.2	0.2
Cash and cash equivalents	201.0	216.5	181.8	137.5	140.1	144.4	154.2
<b>Total assets</b>	<b>369.6</b>	<b>386.3</b>	<b>409.3</b>	<b>511.3</b>	<b>538.1</b>	<b>564.6</b>	<b>585.3</b>
Accumulated surplus/deficit	245.1	228.6	233.4	239.4	245.9	253.6	260.7
Capital and reserves	–	–	–	–	38.3	38.3	38.3
Borrowings	115.3	73.0	81.9	156.2	171.8	186.7	196.0
Trade and other payables	6.4	8.5	8.3	8.6	9.1	9.6	10.1
Provisions	2.8	–	–	–	–	–	–
Liabilities not classified elsewhere	–	76.1	85.8	107.1	73.1	76.5	80.2
<b>Total equity and liabilities</b>	<b>369.6</b>	<b>386.3</b>	<b>409.3</b>	<b>511.3</b>	<b>538.1</b>	<b>564.6</b>	<b>585.3</b>

### Expenditure trends

Expenditure is expected to increase at an average annual rate of 6.7 per cent over the medium term, rising from R62.6 million in 2008/09 to R76.1 million in 2011/12, and is mainly in goods and services, and interest, dividends and rent on land. Compensation of employees is projected to increase from R24.7 million in 2008/09 to R29.1 million in 2011/12 at an average annual rate of 5.7 per cent.

Interest on borrowed funds is the second largest expenditure item, and is anticipated to increase at an average annual rate of 7.7 per cent from R20.9 million in 2008/09 to R26.1 million in 2011/12. This trend correlates with the expected increase in borrowings, from R156.2 million in 2008/09 to R196 million in 2011/12, at an average annual rate of 7.9 per cent. There was fairly substantial capital expenditure of R532 000 in 2007/08.

## Additional tables

**Table 26.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	116.4	122.4	102.5	114.8	13.3	128.1	125.9
2. Housing Policy, Research and Monitoring	90.0	78.0	22.0	31.5	–	31.5	21.6
3. Housing Planning and Delivery Support	147.9	143.9	27.3	58.0	2.6	60.6	57.9
4. Housing Development Finance	8 523.3	8 638.0	8 255.1	10 131.4	325.1	10 456.5	10 197.4
5. Strategic Relations and Governance	–	–	179.4	250.8	1.0	251.8	231.9
<b>Total</b>	<b>8 877.6</b>	<b>8 982.4</b>	<b>8 586.3</b>	<b>10 586.5</b>	<b>342.0</b>	<b>10 928.5</b>	<b>10 634.7</b>

  

Economic classification							
<b>Current payments</b>	<b>393.6</b>	<b>377.2</b>	<b>352.5</b>	<b>497.4</b>	<b>10.0</b>	<b>507.5</b>	<b>470.7</b>
Compensation of employees	108.0	109.0	97.2	133.6	0.0	133.6	125.4
Goods and services	285.6	268.2	255.2	363.8	10.0	373.8	345.3
<b>Transfers and subsidies</b>	<b>8 477.4</b>	<b>8 601.1</b>	<b>8 228.3</b>	<b>10 081.6</b>	<b>327.1</b>	<b>10 408.7</b>	<b>10 151.6</b>
Provinces and municipalities	8 237.9	8 342.9	8 149.9	9 852.8	325.1	10 177.9	9 920.9
Departmental agencies and accounts	239.4	257.2	77.2	227.7	–	227.7	227.7
Foreign governments and international organisations	0.1	1.0	0.6	1.0	–	1.0	1.0
Households	–	–	0.7	–	2.0	2.0	2.0
<b>Payments for capital assets</b>	<b>6.6</b>	<b>4.1</b>	<b>5.4</b>	<b>7.5</b>	<b>4.8</b>	<b>12.4</b>	<b>12.4</b>
Machinery and equipment	6.5	4.0	5.3	7.3	4.0	11.3	11.3
Software and intangible assets	0.1	0.1	0.1	0.2	0.8	1.0	1.0
<b>Total</b>	<b>8 877.6</b>	<b>8 982.4</b>	<b>8 586.3</b>	<b>10 586.5</b>	<b>342.0</b>	<b>10 928.5</b>	<b>10 634.7</b>

**Table 26.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	52.1	68.4	83.8	127.7	222.2	233.6	250.5
Unit cost (R million)	0.2	0.2	0.2	0.3	0.4	0.3	0.4
Personnel numbers (head count)	340	340	340	435	580	683	683
<b>Part time and temporary contract employees</b>							
Compensation (R million)	9.4	7.3	12.5	5.2	2.8	1.4	1.5
Unit cost (R million)	0.2	0.2	0.3	0.1	0.1	0.1	0.2
Personnel numbers (head count)	52	38	40	40	20	10	10
<b>Interns</b>							
Compensation of interns (R million)	0.7	0.8	0.9	0.8	0.9	1.0	1.8
Unit cost (R million)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Number of interns	12	11	11	11	11	11	20
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>62.3</b>	<b>76.5</b>	<b>97.2</b>	<b>133.6</b>	<b>225.8</b>	<b>236.0</b>	<b>253.9</b>
<b>Unit cost (R million)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.4</b>
<b>Personnel numbers (head count)</b>	<b>404</b>	<b>389</b>	<b>391</b>	<b>486</b>	<b>611</b>	<b>704</b>	<b>713</b>

**Table 26.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	62.3	97.2	109.0	133.6	225.8	236.0	253.9
Training expenditure (R million)	2.1	2.0	2.2	10.7	12.9	13.8	14.6
Training as percentage of compensation	3.4%	2.1%	2.0%	8%	5.7%	5.9%	5.8%
Total number trained in department (head count)	234	212	106	–			
<i>of which:</i>							
Employees receiving bursaries (head count)	30	33	34	–			
Internships trained (head count)	24	24	24	–			
Households receiving bursaries (R million)	0.1	–	0.2	0.3	0.3	0.3	0.3
Households receiving bursaries (head count)	3	–	5	–			

**Table 26.D Summary of conditional grants to provinces and municipalities<sup>1</sup>**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
<b>Conditional grants to provinces</b>							
<b>3. Housing Planning and Delivery Support</b>							
Human settlement and redevelopment grant	24.4	–	–	–	–	–	–
<b>4. Housing Development Finance</b>							
Integrated housing and human settlement development grant	4 843.5	6 677.8	8 149.9	10 177.9	12 442.3	15 026.8	17 222.4
Housing disaster relief grant	–	–	–	–	150.0	–	–
<b>Total</b>	<b>4 867.9</b>	<b>6 677.8</b>	<b>8 149.9</b>	<b>10 177.9</b>	<b>12 592.3</b>	<b>15 026.8</b>	<b>17 222.4</b>

<sup>1</sup> Detail provided in the Division of Revenue Act (2009)

Table 26.E Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign</b>												
<b>In cash</b>												
European Union	Social housing programme	Strategic Relations and Governance	49 230	Departmental agencies and accounts	Provided support on the social housing programme via Social Housing Foundation	20 209	24 999	4 022	-	-	-	-
United States Agency for International Development Norway	People's Housing Process and housing strategy	Strategic Relations and Governance	4 123	Departmental agencies and accounts	Provided support on the People's Housing Process and housing strategy	1 402	-	2 721	-	-	-	-
	Development of housing cooperation sector in South Africa	Strategic Relations and Governance	1 542	Departmental agencies and accounts	Assistance from Norway on the development of cooperative housing sector in South Africa	1 542	-	-	-	-	-	-
Netherlands	Operationalisation of the housing policy	Strategic Relations and Governance	2 516	Departmental agencies and accounts	Provided support in the operationalisation of the housing policy	-	1 076	1 440	-	-	-	-
Denmark	Energy efficiency project	Strategic Relations and Governance	2 133	Departmental agencies and accounts	Provided support on the energy efficiency programme in low cost housing	-	-	670	1 463	-	-	-
<b>Total</b>			<b>59 544</b>			<b>23 153</b>	<b>26 075</b>	<b>8 853</b>	<b>1 463</b>			

Table 26.F Summary of expenditure on infrastructure

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
					2005/06	2006/07		2007/08	2009/10	2010/11	2011/12
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)											
Integrated housing and human settlement development grant	Human settlement development	250 000 units annually	Ongoing	–	4 843.5	6 349.9	8 149.9	10 177.9	12 442.3	15 026.8	17 222.4
Total				–	4 843.5	6 349.9	8 149.9	10 177.9	12 442.3	15 026.8	17 222.4

# Vote 27

## Land Affairs

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	485.5	460.5	11.7	13.2	507.3	536.8
Surveys and Mapping	96.1	90.4	2.1	3.6	98.0	104.0
Cadastral Surveys	111.8	109.3	0.1	2.4	117.8	125.8
Restitution	1 904.3	415.7	1 488.6	–	1 584.7	2 086.4
Land Reform	3 454.9	412.4	3 042.5	–	4 099.6	4 721.0
Spatial Planning and Information	33.6	31.1	2.3	0.2	35.4	37.3
Auxiliary and Associated Services	12.9	9.6	0.0	3.3	47.3	50.2
<b>Total expenditure estimates</b>	<b>6 099.1</b>	<b>1 529.1</b>	<b>4 547.3</b>	<b>22.7</b>	<b>6 490.2</b>	<b>7 661.4</b>
Executive authority	Minister of Agriculture and Land Affairs					
Accounting officer	Director-General of Land Affairs					
Website address	www.dla.gov.za					

### Aim

*The aim of the Department of Land Affairs is to create and maintain an equitable and sustainable land dispensation that results in social and economic development for all South Africans.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide strategic and logistical support through executive and corporate services.

#### Programme 2: Surveys and Mapping

**Purpose:** Provide national mapping, aerial photography and other imagery, an integrated spatial reference framework and other geospatial information, and professional and technical services in support of national infrastructure and sustainable development, in compliance with the Land Survey Act (1997).

#### Programme 3: Cadastral Surveys

**Purpose:** Provide efficient cadastral survey management services, including cadastral information services in support of land delivery and orderly development.

#### Programme 4: Restitution

**Purpose:** Settle land claims in accordance with the provisions of the Restitution of Land Rights Act (1994), and provide settlement support to beneficiaries.

## **Programme 5: Land Reform**

**Purpose:** Provide sustainable land redistribution programmes, tenure security for all occupiers of land in South Africa, and public land information. Manage state land.

## **Programme 6: Spatial Planning and Information**

**Purpose:** Provide for national land use management, spatial planning and spatial information systems.

## **Programme 7: Auxiliary and Associated Services**

**Purpose:** Augment the registration of deeds trading account, acquire vehicles for departmental use, oversee departmental capital works, and provide for a nominal contribution to the Public Sector Education and Training Authority.

## **Strategic overview: 2005/06 – 2011/12**

The Department of Land Affairs' key priorities include: redistributing 30 per cent of white owned agricultural land to historically disadvantaged South Africans by 2014 in line with the 2000 ministerial directive; providing post-settlement support; finalising outstanding land claims; and reforming the tenure system.

### **Redistribution, land reform and land use**

Since 1994, the department has delivered approximately 5.2 million hectares of white owned agricultural land to land reform beneficiaries, and is planning to redistribute a further 19.3 million hectares by 2014.

The movement of the commercial agricultural sector to larger, more sophisticated and highly capitalised units, and the decline in employment on commercial farms have necessitated a review of current land reform practices. A recent review by the department indicated that only 49 per cent of land reform projects are sustainable in terms of agricultural production and the livelihood of beneficiaries. Although socioeconomic development is one of the expected outcomes of land reform, the accelerated delivery of land should not be at the expense of sustainability, and post-settlement support is a critical priority.

The disposal of state land to municipalities and communities for sustainable home settlement and agricultural purposes is another component of the redistribution process. The state land audit currently being conducted will assist in developing a credible state asset register.

South Africa lacks a national record of the way human and natural resources impact on the land. Most government departments and public entities agree that a systematic national land cover and land use mapping programme is required as part of the national asset of fundamental geospatial information. This programme is set to begin in 2010/11 to coincide with the international 10-year survey, subject to funding.

### **Land claims**

The department has settled 94 per cent (74 989) of the 79 696 land claims lodged since 1994. Despite the efforts of the Land Claims Commission to settle the remaining 4 707 very complex rural land claims by March 2008, these will not be settled before 2010/11. Most of these claims are in dispute and have to be settled in the Land Claims Court. Project Gijima provides guidance on how to finalise different categories of claims.

### **Key policy developments**

The department has produced two reports to feed into the development of policies on land taxation and limiting the ownership of land (land ceilings), and developed draft communal land rights regulations.

The passing of the Land Use Management Bill in 2009 will ensure improved spatial planning and information.

Parliament approved the new grants model, and the National Council of Provinces approved the amendments to the Provision of Land and Assistance Act (1993) to create an enabling environment for the land and agrarian



reform programme. The grants model lowers the barriers to accessing grants by extending the value of the grant to 100 per cent of the value of the land to be purchased (from the previous limit of 95 per cent). The amendments to the act make provision for establishing a trading entity to manage land acquired through the proactive land acquisition strategy.

## Selected performance and operations indicators

**Table 27.1 Land Affairs**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of additional square kilometres of earth imagery at 0.5m ground sample distance acquired	Surveys and Mapping	349 000km <sup>2</sup>	191 502km <sup>2</sup>	200 000km <sup>2</sup>	216 000km <sup>2</sup>	280 000km <sup>2</sup>	310 000km <sup>2</sup>	310 000km <sup>2</sup>
Number of additional square kilometres of updated topographical data captured for the integrated database of fundamental geospatial information	Surveys and Mapping	83 125km <sup>2</sup>	111 875km <sup>2</sup>	175 000km <sup>2</sup>	150 000km <sup>2</sup>	194 000km <sup>2</sup>	181 000km <sup>2</sup>	150 000km <sup>2</sup>
Number of new maps of the national map series of South Africa produced	Surveys and Mapping	1 434	1 620	1 562	1 746	1 650	1 680	1 720
Percentage of approved cadastral documents able to be registered <sup>1</sup>	Cadastral Surveys	–	–	–	100%	98%	98%	98%
Number of days for processing all requests for information	Cadastral Surveys	–	–	5	5	5	4	4
Total number of provinces in which a surveyor-general's office is operational	Cadastral Surveys	–	–	6	7	8	9	–
Number of land claims settled each year	Restitution	10 634	13 582	2 772	1 305	1 695	1 799	920
Total number of hectares of land redistributed to land reform beneficiaries	Land Reform	152 445	258 890	258 890	647 125	656 000	721 700	794 070
Number of Land Use Management Bill pilot projects implemented	Spatial Planning and Information	–	–	–	2	–	–	–

1. The number of approved cadastral documents able to be registered in any year depends on the number of requests.

## Expenditure estimates

**Table 27.2 Land Affairs**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	266.6	331.3	420.6	423.9	423.9	485.5	507.3	536.8
2. Surveys and Mapping	73.1	71.9	97.3	91.4	91.4	96.1	98.0	104.0
3. Cadastral Surveys	77.7	90.2	137.6	114.9	114.9	111.8	117.8	125.8
4. Restitution	1 789.4	2 338.4	3 638.5	3 098.3	3 098.3	1 904.3	1 584.7	2 086.4
5. Land Reform	644.9	854.1	1 571.1	2 888.5	2 888.5	3 454.9	4 099.6	4 721.0
6. Spatial Planning and Information	17.0	21.0	21.8	32.3	32.3	33.6	35.4	37.3
7. Auxiliary and Associated Services	6.0	13.7	6.3	10.2	10.2	12.9	47.3	50.2
<b>Total</b>	<b>2 874.7</b>	<b>3 720.5</b>	<b>5 893.1</b>	<b>6 659.4</b>	<b>6 659.4</b>	<b>6 099.1</b>	<b>6 490.2</b>	<b>7 661.4</b>
Change to 2008 Budget estimate				–	–	137.7	302.6	1 101.5

Table 27.2 Land Affairs (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>744.5</b>	<b>863.7</b>	<b>1 144.1</b>	<b>1 314.2</b>	<b>1 314.2</b>	<b>1 529.1</b>	<b>1 568.5</b>	<b>1 651.3</b>
Compensation of employees	359.4	403.6	473.6	731.9	731.9	942.9	972.2	1 031.3
Goods and services	380.6	458.6	666.6	582.2	582.2	586.2	596.3	620.0
of which:								
Administrative fees	21.0	22.9	28.8	27.2	27.2	41.9	44.9	51.1
Advertising	13.4	17.7	13.7	12.8	12.8	7.8	7.5	8.2
Assets less than R5 000	5.6	7.8	9.7	10.6	10.6	4.9	6.6	7.9
Audit costs: External	3.3	4.3	6.6	3.5	3.5	4.0	4.5	5.0
Bursaries (employees)	2.3	2.4	2.1	3.5	3.5	0.7	1.9	2.8
Catering: Departmental activities	0.5	3.3	3.2	4.0	4.0	3.0	3.2	3.5
Communication	26.9	29.9	33.0	21.6	21.6	23.7	25.6	26.3
Computer services	23.1	55.4	69.1	56.2	56.2	106.7	102.2	108.0
Consultants and professional services: Business and advisory services	57.7	59.4	133.9	175.5	175.5	143.8	141.8	139.8
Consultants and professional services: Infrastructure and planning	15.4	24.9	18.7	13.3	13.3	9.9	10.8	11.6
Consultants and professional services: Legal costs	13.3	12.3	21.4	10.1	10.1	12.6	13.4	14.0
Contractors	23.6	14.2	17.4	20.4	20.4	6.2	4.8	4.6
Agency and support / outsourced services	18.0	17.8	37.2	37.8	37.8	48.2	35.4	35.9
Entertainment	0.8	0.0	0.0	0.6	0.6	1.0	1.0	1.2
Inventory: Food and food supplies	0.3	0.4	0.5	0.9	0.9	0.8	0.9	1.1
Inventory: Fuel, oil and gas	0.0	0.0	0.0	0.1	0.1	0.7	0.5	0.5
Inventory: Materials and supplies	0.3	0.2	0.2	0.4	0.4	1.1	1.2	1.4
Inventory: Other consumables	0.5	1.1	0.7	1.0	1.0	2.9	2.9	3.9
Inventory: Stationery and printing	10.5	11.4	14.7	20.0	20.0	14.6	16.2	17.4
Lease payments	36.9	34.9	44.0	44.6	44.6	52.1	58.8	64.1
Owned and leasehold property expenditure	11.1	23.4	33.9	20.4	20.4	17.8	18.9	20.3
Transport provided: Departmental activities	0.2	0.3	1.5	0.5	0.5	2.2	2.3	2.8
Travel and subsistence	69.9	83.8	132.3	65.7	65.7	47.8	53.0	50.0
Training and development	8.0	8.3	7.8	4.9	4.9	4.4	5.5	5.7
Operating expenditure	5.5	6.3	9.4	15.0	15.0	11.3	13.2	13.5
Venues and facilities	12.4	15.8	26.4	11.8	11.8	16.0	19.2	19.2
Financial transactions in assets and liabilities	4.5	1.6	3.8	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>2 079.6</b>	<b>2 465.3</b>	<b>3 832.8</b>	<b>3 970.4</b>	<b>3 970.4</b>	<b>4 547.3</b>	<b>4 863.3</b>	<b>5 947.6</b>
Provinces and municipalities	9.1	8.3	0.1	0.0	0.0	0.0	0.0	0.0
Departmental agencies and accounts	1.8	2.2	2.4	2.5	2.5	1 020.7	1 151.3	1 223.6
Public corporations and private enterprises	–	–	–	0.0	0.0	0.0	0.0	0.0
Foreign governments and international organisations	–	–	1.0	1.2	1.2	1.2	1.3	1.4
Households	2 068.7	2 454.8	3 829.3	3 964.6	3 964.6	3 523.0	3 708.3	4 720.1
<b>Payments for capital assets</b>	<b>50.7</b>	<b>391.4</b>	<b>916.3</b>	<b>1 374.9</b>	<b>1 374.9</b>	<b>22.7</b>	<b>58.4</b>	<b>62.5</b>
Buildings and other fixed structures	–	–	2.4	0.1	0.1	–	35.0	37.1
Machinery and equipment	32.6	48.4	63.1	40.1	40.1	21.4	22.5	23.5
Biological and cultivated assets	–	–	9.5	–	–	–	–	–
Software and other intangible assets	18.1	3.2	8.4	1.4	1.4	1.3	0.9	1.8
Land and subsoil assets	–	339.7	832.8	1 333.3	1 333.3	–	–	–
<b>Total</b>	<b>2 874.7</b>	<b>3 720.5</b>	<b>5 893.1</b>	<b>6 659.4</b>	<b>6 659.4</b>	<b>6 099.1</b>	<b>6 490.2</b>	<b>7 661.4</b>

## Expenditure trends

Between 2005/06 and 2008/09, overall expenditure grew at an average annual rate of 32.3 per cent, from R2.9 billion to R6.7 billion, due to increases in transfer payments for the land reform and restitution grants and the introduction of the proactive land acquisition strategy. Expenditure increases steadily over the MTEF period, rising to R7.6 billion in 2011/12.

Between 2008/09 and 2010/11, expenditure on the *Restitution* programme is projected to decrease by 27.7 per cent due to delays in finalising the last set of land claims in 2008/09 and the subsequent phasing out of the programme. The restitution programme was expected to fulfil its mandate to finalise all claims by 2008/09 and the allocations over the MTEF were reduced accordingly. However, the remaining complex rural claims are now expected to be finalised by 2011/12, which explains the increased average annual growth in 2011/12 of 31.7 per cent. Spending in the *Land Reform* programme increases over the medium term at an average annual rate of 17.8 per cent due to additional allocations for transfer payments for grants and the proactive land acquisition strategy.

In 2008/09, spending on compensation of employees and goods and services in the *Land Reform* programme increased by 58.5 per cent and 9.1 per cent due to a reprioritisation from transfer payments for additional staff to speed up land redistribution.

Over the MTEF period, expenditure on goods and services is anticipated to increase at an average annual rate of 2.1 per cent. Compensation of employees is set to increase at an average annual rate of 12.1 per cent due to the increase in the number of posts in the department.

Savings have been identified amounting to R71.1 million in 2009/10, R73.9 million in 2010/11 and R77.1 million in 2011/12 in goods and services and transfer payments to public entities.

## Departmental receipts

Departmental receipts are expected to increase over the medium term from R218.2 million in 2009/10 to R256.7 million in 2011/12 at an average annual rate of 8.5 per cent, from the sales of goods and services provided by the department, and interest, dividends and rent on land.

**Table 27.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>273 434</b>	<b>158 836</b>	<b>176 380</b>	<b>204 404</b>	<b>59 987</b>	<b>218 240</b>	<b>237 291</b>	<b>256 690</b>
Sales of goods and services produced by department	21 006	23 362	23 200	18 394	18 391	23 030	27 560	30 316
Sales of scrap, waste, arms and other used current goods	–	–	–	8	11	12	13	15
Transfers received	–	–	41	–	–	–	–	–
Interest, dividends and rent on land	237 689	131 755	145 461	175 793	31 089	184 198	197 618	213 049
Sales of capital assets	1 974	1 124	2 468	209	496	–	–	–
Financial transactions in assets and liabilities	12 765	2 595	5 210	10 000	10 000	11 000	12 100	13 310
<b>Total</b>	<b>273 434</b>	<b>158 836</b>	<b>176 380</b>	<b>204 404</b>	<b>59 987</b>	<b>218 240</b>	<b>237 291</b>	<b>256 690</b>

## Programme 1: Administration

### Expenditure estimates

Table 27.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Management	39.2	55.9	78.8	103.2	90.7	81.9	85.7
Corporate Services	197.5	242.3	289.9	280.7	349.4	374.7	396.3
Property Management	30.0	33.0	51.9	40.1	45.4	50.7	54.8
<b>Total</b>	<b>266.6</b>	<b>331.3</b>	<b>420.6</b>	<b>423.9</b>	<b>485.5</b>	<b>507.3</b>	<b>536.8</b>
Change to 2008 Budget estimate				(10.7)	30.5	52.2	60.0

#### Economic classification

<b>Current payments</b>	<b>237.5</b>	<b>300.8</b>	<b>397.0</b>	<b>406.6</b>	<b>460.5</b>	<b>481.0</b>	<b>509.0</b>
Compensation of employees	78.3	98.8	103.6	190.8	231.9	249.0	268.7
Goods and services	154.7	200.3	289.5	215.7	228.6	231.9	240.3
<i>of which:</i>							
Administrative fees	5.8	7.9	10.9	13.4	14.5	19.1	20.0
Advertising	4.3	5.2	4.3	4.4	2.2	1.3	1.4
Assets less than R5 000	1.7	3.0	1.9	3.1	0.2	1.6	2.1
Audit costs: External	3.3	4.3	4.8	3.5	4.0	4.5	5.0
Bursaries (employees)	2.3	2.4	2.1	3.4	0.7	1.9	2.8
Catering: Departmental activities	0.5	1.1	0.5	1.1	0.8	0.9	0.9
Communication	5.2	6.6	7.8	5.8	5.6	6.3	5.9
Computer services	16.3	47.6	54.7	44.2	88.5	83.4	87.9
Consultants and professional services: Business and advisory services	16.8	25.4	54.8	22.9	10.0	15.0	15.8
Consultants and professional services: Legal costs	2.2	1.7	3.0	0.4	1.3	1.4	1.5
Contractors	12.5	5.7	2.3	1.8	3.6	2.0	2.2
Agency and support / outsourced services	12.7	10.7	26.4	28.3	19.0	6.1	7.2
Entertainment	0.8	0.0	0.0	0.2	0.3	0.3	0.3
Inventory: Food and food supplies	0.2	0.2	0.3	0.7	0.5	0.5	0.5
Inventory: Other consumables	0.3	0.5	0.6	0.4	0.7	0.7	0.7
Inventory: Stationery and printing	2.3	2.9	2.7	8.4	2.3	2.5	2.7
Lease payments	32.3	29.8	38.2	36.3	40.3	44.3	48.2
Owned and leasehold property expenditure	3.0	10.2	20.9	9.2	9.3	10.8	11.2
Travel and subsistence	15.2	17.1	26.6	12.5	12.5	13.0	7.0
Training and development	7.1	6.9	6.6	2.9	1.8	2.3	2.6
Operating expenditure	4.6	5.1	7.0	11.5	6.2	7.9	7.5
Venues and facilities	5.1	5.6	12.8	1.3	4.1	6.0	6.4
Financial transactions in assets and liabilities	4.5	1.6	3.8	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.6</b>	<b>4.0</b>	<b>7.3</b>	<b>0.1</b>	<b>11.7</b>	<b>12.3</b>	<b>12.9</b>
Provinces and municipalities	0.2	0.1	0.0	0.0	–	–	–
Households	0.4	3.9	7.2	0.1	11.7	12.3	12.9
<b>Payments for capital assets</b>	<b>28.5</b>	<b>26.5</b>	<b>16.4</b>	<b>17.2</b>	<b>13.2</b>	<b>14.0</b>	<b>14.9</b>
Machinery and equipment	17.1	25.6	8.2	17.1	13.2	14.0	14.8
Software and other intangible assets	11.4	0.8	8.2	0.1	0.1	0.1	0.1
<b>Total</b>	<b>266.6</b>	<b>331.3</b>	<b>420.6</b>	<b>423.9</b>	<b>485.5</b>	<b>507.3</b>	<b>536.8</b>

#### Details of selected transfers and subsidies

<b>Households</b>						
<b>Social benefits</b>						
<b>Current</b>	<b>0.3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11.7</b>	<b>12.3</b>
Bursaries	0.3	–	–	–	11.7	12.3

## Expenditure trends

Expenditure increased from R266.6 million in 2005/06 to R423.9 million in 2008/09, at an average annual rate of 16.7 per cent, due mainly to interventions to improve the governance and administration of land reform. R10.7 million was reprioritised to cater for shortfalls in compensation of employees and goods and services.

Expenditure is anticipated to increase at an average rate of 8.2 per cent per year, rising to R536.8 million in 2011/12, due mainly to the devolution of funds for accommodation and additional funding for inflation related adjustments under compensation of employees.

## Programme 2: Surveys and Mapping

- *Surveys and Mapping* promotes and controls all matters related to geodetic and topographical surveying and geospatial information services.

### Objectives and measures

- Provide fundamental geospatial information in accordance with user needs by:
  - maintaining the 1 050 reference beacons of the national control survey network each year
  - acquiring earth imagery of South Africa at 0.5 ground sample distance covering 280 000 km<sup>2</sup> each year
  - producing 1 650 maps of South Africa in the national map series each year.
- Improve geospatial information systems by completing the update of the integrated database of fundamental geospatial information by March 2012.

### Service delivery and spending focus

The national control survey system was available to clients at least 96 per cent of the time during 2008/09, achieving the set target.

The network of continuously operating global navigation satellite system base stations, called Trig Net, has been improved by establishing more base stations and replacing ageing equipment and software. From 2008/09, all aerial photography acquired is colour digital imagery at 0.5 metre ground sample distance. 216 000 km<sup>2</sup> of aerial photography had been acquired by December 2008 against the target of 220 000 km<sup>2</sup> for 2008/09. 150 000 km<sup>2</sup> of fundamental geospatial data was updated, meeting the target, and 1 746 maps were produced against a target of 1 614.

The department also produced an atlas of South Africa for the visually impaired in 2008/09.

## Expenditure estimates

**Table 27.5 Surveys and Mapping**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Surveys and Mapping	73.1	71.9	97.3	91.4	96.1	98.0	104.0
<b>Total</b>	<b>73.1</b>	<b>71.9</b>	<b>97.3</b>	<b>91.4</b>	<b>96.1</b>	<b>98.0</b>	<b>104.0</b>
Change to 2008 Budget estimate				3.2	1.1	(2.8)	(5.0)

Table 27.5 Surveys and Mapping (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>58.9</b>	<b>63.8</b>	<b>70.1</b>	<b>81.9</b>	<b>90.4</b>	<b>92.5</b>	<b>96.7</b>
Compensation of employees	30.0	32.6	34.6	44.8	48.8	48.7	53.2
Goods and services	28.9	31.2	35.5	37.1	41.6	43.8	43.5
of which:							
Administrative fees	0.1	0.1	0.2	0.2	0.6	0.7	0.8
Advertising	0.5	0.5	0.2	0.4	0.6	0.7	0.8
Assets less than R5 000	0.5	1.2	0.7	1.5	0.6	0.6	0.6
Communication	0.7	0.9	1.1	1.1	1.0	1.2	1.3
Computer services	1.9	1.9	2.1	1.9	2.6	2.6	2.9
Consultants and professional services: Business and advisory services	1.3	0.5	0.6	1.4	0.8	0.8	0.9
Consultants and professional services: Infrastructure and planning	5.9	9.4	8.2	9.1	–	–	–
Contractors	9.5	6.8	12.0	8.9	–	–	–
Agency and support / outsourced services	0.0	–	–	3.2	20.5	20.2	19.2
Inventory: Stationery and printing	2.0	2.6	3.0	1.3	3.1	3.8	3.9
Lease payments	0.1	0.1	0.1	0.3	0.6	0.7	0.8
Travel and subsistence	5.4	6.0	6.1	6.5	6.8	7.0	7.6
Training and development	0.1	0.1	0.2	0.3	0.7	0.8	0.8
Operating expenditure	0.1	0.1	0.1	0.3	3.1	3.2	3.6
Venues and facilities	0.3	0.3	0.4	0.2	0.4	1.0	0.1
<b>Transfers and subsidies</b>	<b>2.8</b>	<b>2.4</b>	<b>4.7</b>	<b>2.1</b>	<b>2.1</b>	<b>2.8</b>	<b>3.8</b>
Provinces and municipalities	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Foreign governments and international organisations	–	–	1.0	1.2	1.2	1.3	1.4
Households	2.7	2.4	3.6	0.9	0.9	1.5	2.5
<b>Payments for capital assets</b>	<b>11.4</b>	<b>5.7</b>	<b>22.5</b>	<b>7.3</b>	<b>3.6</b>	<b>2.7</b>	<b>3.4</b>
Buildings and other fixed structures	–	–	–	0.1	–	–	–
Machinery and equipment	5.5	4.7	22.5	6.3	2.4	1.9	1.7
Software and other intangible assets	5.9	1.0	–	0.9	1.2	0.8	1.8
<b>Total</b>	<b>73.1</b>	<b>71.9</b>	<b>97.3</b>	<b>91.4</b>	<b>96.1</b>	<b>98.0</b>	<b>104.0</b>

## Expenditure trends

Between 2005/06 and 2008/09, expenditure increased at an average annual rate of 7.7 per cent. The significant increase of 35.2 per cent from R71.9 million in 2006/07 to R97.3 million in 2007/08 was mainly due to a once-off payment for capital assets of R12.4 million to buy a digital aerial sensor (camera) system. R3.2 million was reprioritised in the adjusted Budget for the shortfall in this programme.

The budget grows at an average annual rate of 4.4 per cent from R91.4 million in 2008/09 to R104 million in 2011/12. This will result in a decrease in the acquisition of aerial imagery and other services, such as national land cover and land use mapping and monitoring, unless significant operational efficiencies are achieved.

## Programme 3: Cadastral Surveys

- *Cadastral Surveys* is responsible for: examining and approving all surveys for the registration of land and real rights that are intended to be registered in the deeds office; maintaining records; compiling, maintaining and revising maps of property boundaries; and providing cadastral advisory and spatial information services to other government institutions.

## Objectives and measures

- Improve the efficiency of cadastral information services by:
  - reducing the turnaround time for the approval of cadastral documents (diagrams, general plans and sectional plans) from 14 days to 13 days by 2011/12

- reducing the time taken for the maintenance and archiving of cadastral documents from 15 days in 2008/09 to 12 days by 2011/12
- reducing the turnaround time for the supply of cadastral documents from 5 days in 2009/10 to 4 days by 2011/12.

## Service delivery and spending focus

The department achieved the target turnaround time of 11 working days for examining and approving diagrams, general plans and sectional titles in 2008/09. All approved diagrams, general plans and sectional titles were 100 per cent registrable, and there were no returns from the deeds offices. The provincial cadastral spatial database for the creation of base maps was maintained and updated within the target of 15 working days.

The department continued to provide information to the public and government departments, and provided information to private professional land surveyors in 4 days instead of the targeted 5, due to an automatic emailing system.

In 2008/09, the department established an information centre for the surveyor-general (Eastern Cape), and training units in all surveyor-general offices offering both theoretical and practical training to 68 pupil survey officers.

By September 2008/09, 10 598 lodgements (projects) were processed, creating 156 759 new land parcels. Land parcels are those pieces of land, or grouped pieces of land, that can be registered and to which a deed can be attached. These are new because they have been created by subdividing larger land parcels.

## Expenditure estimates

**Table 27.6 Cadastral Surveys**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Cadastral Surveys	77.7	90.2	137.6	114.9	111.8	117.8	125.8
<b>Total</b>	<b>77.7</b>	<b>90.2</b>	<b>137.6</b>	<b>114.9</b>	<b>111.8</b>	<b>117.8</b>	<b>125.8</b>
Change to 2008 Budget estimate				9.5	1.0	0.3	(6.6)

### Economic classification

	75.6	84.8	130.9	112.2	109.3	114.7	122.5
<b>Current payments</b>							
Compensation of employees	62.6	67.5	83.3	88.9	85.8	91.5	97.3
Goods and services	13.0	17.2	47.6	23.3	23.6	23.3	25.2
of which:							
Administrative fees	0.3	0.2	0.1	0.4	2.9	2.3	3.0
Advertising	0.5	0.6	0.1	0.1	0.6	0.5	0.5
Assets less than R5 000	0.5	0.8	0.6	0.4	0.7	0.7	0.9
Communication	1.5	1.5	2.2	1.5	1.1	1.1	1.2
Computer services	2.2	2.8	3.9	0.9	0.8	0.7	0.8
Consultants and professional services: Business and advisory services	0.2	1.4	1.5	6.4	0.1	0.4	0.1
Consultants and professional services: Infrastructure and planning	0.3	0.2	0.9	0.7	–	–	–
Contractors	0.6	0.7	0.8	0.5	0.5	0.5	0.5
Agency and support / outsourced services	0.0	0.1	1.6	0.3	0.3	0.3	0.3
Inventory: Materials and supplies	0.1	0.0	0.0	0.0	0.8	0.9	1.1
Inventory: Other consumables	0.0	0.0	0.0	0.1	1.2	1.1	1.7
Inventory: Stationery and printing	1.1	1.4	2.4	1.9	2.1	2.1	2.1
Lease payments	1.0	0.9	0.9	2.0	2.0	2.2	2.2
Owned and leasehold property expenditure	1.1	1.3	2.9	1.9	0.9	1.1	1.2
Travel and subsistence	3.0	4.0	27.9	5.6	1.8	1.9	2.0
Venues and facilities	0.2	0.5	0.8	0.1	6.1	6.2	6.2



Table 27.6 Cadastral Surveys (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>0.2</b>	<b>0.1</b>	<b>1.2</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Provinces and municipalities	0.2	0.0	0.0	–	–	–	–
Households	0.1	0.1	1.2	0.0	0.1	0.1	0.1
<b>Payments for capital assets</b>	<b>1.9</b>	<b>5.3</b>	<b>5.5</b>	<b>2.7</b>	<b>2.4</b>	<b>3.0</b>	<b>3.2</b>
Buildings and other fixed structures	–	–	–	0.0	–	–	–
Machinery and equipment	1.9	5.3	5.5	2.3	2.4	3.0	3.2
Software and other intangible assets	–	–	–	0.4	–	–	–
<b>Total</b>	<b>77.7</b>	<b>90.2</b>	<b>137.6</b>	<b>114.9</b>	<b>111.8</b>	<b>117.8</b>	<b>125.8</b>

## Expenditure trends

Expenditure between 2005/06 and 2008/09 increased steadily at an average annual rate of 13.9 per cent, from R77.7 million to R114.9 million. Spending peaked at R137.6 million in 2007/08 due to the state land audit (Project Gijima). The increased expenditure is in current payments, the bulk of which is for compensation of employees, as 68 more pupil survey officers were employed. Expenditure reduces by 16.5 per cent in 2008/09 when the state land audit ends. R9.5 million was reallocated to this programme from savings in other programmes to augment the 2008/09 budget.

Expenditure is expected to increase from R114.9 million in 2008/09 to R125.8 million in 2011/12 at an average annual rate of 3.1 per cent. This will fund the new offices for surveyors-general.

## Programme 4: Restitution

- *Restitution National Office* provides administrative and professional support to the Commission on the Restitution of Land Rights for processing and investigating restitution claims. The subprogramme also develops and coordinates restitution policy and oversees court cases.
- *Restitution Regional Offices* negotiates restitution agreements and provides administrative and support services to regional land claims commissioners.
- *Restitution Grants* makes grants to restore land and provides alternative land to victims of forced removals. The subprogramme provides for payment of compensation and alternative relief, settlement planning and facilitation assistance, and contributes to incidental costs for resettling communities.

## Objectives and measures

- Reduce the land claims settlement backlog by settling all 4 707 outstanding claims by 2011.

## Service delivery and spending focus

A total of 74 989 claims had been settled by October 2008, benefiting 300 996 households and approximately 1.4 million individuals across South Africa. This represents a settlement of 94 per cent of all the claims lodged with the Commission on the Restitution of Land Rights by 31 December 1998. In all, the restitution programme has approved the transfer of about 2.26 million hectares of land to beneficiaries.

The commission settled 242 rural claims against a target of 2 585 in 2008/09, with 15 675 households and 70 182 individuals benefiting. Most of these claims related to expensive prime agricultural land in KwaZulu-Natal, Mpumalanga and Limpopo. R1 billion was allocated for the restoration of 182 017 hectares of land for the 242 claims.

## Expenditure estimates

**Table 27.7 Restitution**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Restitution National Office	23.0	18.8	28.0	46.1	23.6	25.0	27.6
Restitution Regional Offices	184.0	227.0	276.9	330.2	392.1	386.9	398.1
Restitution Grants	1 582.3	2 092.5	3 333.5	2 721.9	1 488.6	1 172.8	1 660.7
<b>Total</b>	<b>1 789.4</b>	<b>2 338.4</b>	<b>3 638.5</b>	<b>3 098.3</b>	<b>1 904.3</b>	<b>1 584.7</b>	<b>2 086.4</b>
Change to 2008 Budget estimate				1.0	255.8	258.6	679.0

### Economic classification

<b>Current payments</b>	<b>203.5</b>	<b>211.2</b>	<b>288.4</b>	<b>362.5</b>	<b>415.7</b>	<b>411.7</b>	<b>425.5</b>
Compensation of employees	94.6	97.4	127.5	207.3	240.7	241.8	250.7
Goods and services	108.9	113.8	160.9	155.1	175.0	170.0	174.8
of which:							
Administrative fees	11.7	12.9	13.4	9.5	1.8	1.7	2.2
Advertising	4.6	5.5	7.1	5.3	3.0	3.5	3.8
Assets less than R5 000	1.4	1.3	1.7	2.4	1.4	1.5	1.8
Audit costs: External	–	–	1.7	0.0	–	–	–
Catering: Departmental activities	–	1.3	1.6	1.4	0.7	0.7	0.8
Communication	10.8	10.0	11.3	7.2	8.2	8.4	8.6
Computer services	1.1	0.1	0.5	1.2	0.6	0.6	0.4
Consultants and professional services: Business and advisory services	31.9	20.4	38.1	86.3	109.6	101.0	100.6
Consultants and professional services: Infrastructure and planning	0.0	0.1	0.5	0.8	0.5	0.5	0.5
Consultants and professional services: Legal costs	8.0	10.2	17.5	5.9	8.9	8.6	8.9
Contractors	0.3	0.6	1.1	1.6	1.7	1.7	1.2
Agency and support / outsourced services	4.2	6.6	8.6	4.1	7.9	7.9	8.2
Inventory: Fuel, oil and gas	–	0.0	–	–	0.6	0.5	0.5
Inventory: Stationery and printing	3.3	2.3	3.5	3.9	2.9	3.5	4.1
Lease payments	1.6	2.3	3.0	2.6	4.5	5.2	5.9
Owned and leasehold property expenditure	2.4	3.1	4.6	4.0	2.1	2.3	2.8
Transport provided: Departmental activities	0.1	0.2	1.1	0.4	1.5	1.6	1.9
Travel and subsistence	23.8	31.1	38.2	14.9	15.1	16.6	17.3
Training and development	0.2	0.5	0.4	0.4	0.2	0.2	0.2
Operating expenditure	0.4	0.6	1.4	1.2	1.7	1.7	2.1
Venues and facilities	2.9	4.9	5.6	1.5	1.5	1.7	2.2
<b>Transfers and subsidies</b>	<b>1 582.6</b>	<b>2 092.6</b>	<b>3 333.6</b>	<b>2 721.9</b>	<b>1 488.6</b>	<b>1 173.0</b>	<b>1 660.9</b>
Provinces and municipalities	0.3	0.1	0.0	–	–	–	–
Households	1 582.3	2 092.5	3 333.6	2 721.9	1 488.6	1 173.0	1 660.9
<b>Payments for capital assets</b>	<b>3.2</b>	<b>34.5</b>	<b>16.4</b>	<b>13.9</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	3.2	3.2	5.3	10.9	–	–	–
Land and subsoil assets	–	31.3	11.1	3.0	–	–	–
<b>Total</b>	<b>1 789.4</b>	<b>2 338.4</b>	<b>3 638.5</b>	<b>3 098.3</b>	<b>1 904.3</b>	<b>1 584.7</b>	<b>2 086.4</b>

### Details of selected transfers and subsidies

<b>Households</b>							
<b>Other transfers to households</b>							
<b>Capital</b>	<b>1 582.3</b>	<b>2 092.5</b>	<b>3 333.5</b>	<b>2 721.9</b>	<b>1 488.6</b>	<b>1 172.8</b>	<b>1 660.7</b>
Restitution grants	1 582.3	2 092.5	3 333.5	2 721.9	1 488.6	1 172.8	1 660.7

## Expenditure trends

Expenditure increased at an average annual rate of 20.1 per cent, from R1.8 billion in 2005/06 to R3.1 billion in 2008/09, due to the Commission on the Restitution of Land Rights' attempt to settle all land claims by March 2008.

R170 million was moved from transfers and subsidies to households to augment the shortfall in compensation of employees and goods and services.

Over the MTEF period, the budget allocation for the *Restitution* programme decreases at an average annual rate of 12.3 per cent, from R3.1 billion in 2008/09 to R2.1 billion in 2011/12, as this period is the concluding phase of the restitution programme. It is expected that a number of the complex rural claims will still be pending in the rural claims court by 2011/12. However, an additional allocation of R400 million has been approved for 2011/12 to finalise all restitution claims by the end of that year, which accounts for the 41.6 per cent average annual growth in the *Restitution Grant* subprogramme.

## Programme 5: Land Reform

- *Land Reform National Office* is responsible for developing and coordinating land reform products and facilitating the implementation of land reform programmes and projects. It also provides support services to provincial offices.
- *Land Reform Provincial Offices* provides support services for implementing land reform programmes and projects, and administering state land in each province.
- *Land Reform Grants* makes grants for project and programme planning, land acquisition and settlement.
- *KwaZulu-Natal Ingonyama Trust Board* makes grants for administering Ingonyama Trust land.
- *Land Reform Empowerment Facility* makes transfers to the revolving credit loan facility established by the department to finance land acquisition and equity in commercial farming ventures. Khula Enterprises Finance Limited was contracted to administer the funds on behalf of the department and the facility is located at Khula Enterprises.
- *Communal Land Rights Programme* provides management and support to facilitate legal security of tenure by transferring communal land, including Ingonyama Trust land, to communities, or by awarding comparable redress.

## Objectives and measures

- Contribute to meeting the target of redistributing 30 per cent of white owned agricultural land by 2014, by delivering 2.2 million hectares of such land to previously disadvantaged beneficiaries by 2011/12.

## Service delivery and spending focus

Despite the Department of Land Affairs' intention to redistribute 2.5 million hectares of land as a stretch target in 2007/08, only 340 880 hectares were transferred, less than 14 per cent of the target. The slow progress was due to the increase in land prices and budget constraints. In 2008/09, over 600 000 hectares were transferred, reflecting a significant increase in the pace of land reform, partially due to the proactive land acquisition strategy through which approximately 170 000 hectares were acquired.

With the adjusted Budget allocation of R2.6 billion for households and land and subsoil assets for 2008/09, the department is set to deliver a further 608 060 hectares towards the 30 per cent target for 2014. The targets for land redistribution over the MTEF period remain 636 000 hectares in 2009/10, 721 700 hectares in 2010/11 and 784 863 hectares in 2011/12.

## Expenditure estimates

**Table 27.8 Land Reform**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Land Reform National Office	39.3	47.2	56.3	60.2	80.7	83.4	88.3
Land Reform Provincial Offices	111.9	440.4	1 025.0	1 560.5	305.9	319.0	337.6
Land Reform Grants	491.2	363.7	483.1	1 241.6	2 021.8	2 521.5	3 043.7
KwaZulu-Natal Ingonyama Trust Board	1.8	2.2	2.4	2.5	2.6	2.8	2.9
Land Reform Empowerment Facility	–	–	–	0.0	0.0	0.0	0.0
Communal Land Rights Programme	0.7	0.5	4.3	23.7	25.8	24.6	27.9
Agricultural Land Holding Account	–	–	–	–	1 018.1	1 148.5	1 220.6
<b>Total</b>	<b>644.9</b>	<b>854.1</b>	<b>1 571.1</b>	<b>2 888.5</b>	<b>3 454.9</b>	<b>4 099.6</b>	<b>4 721.0</b>
Change to 2008 Budget estimate				–	(148.9)	(2.4)	379.0

### Economic classification

<b>Current payments</b>	<b>147.4</b>	<b>175.6</b>	<b>233.4</b>	<b>311.2</b>	<b>412.4</b>	<b>426.9</b>	<b>453.7</b>
Compensation of employees	83.8	96.3	114.3	181.2	308.2	312.0	330.5
Goods and services	63.6	79.4	119.1	130.0	104.2	114.9	123.3
<i>of which:</i>							
Administrative fees	2.7	1.6	4.0	3.6	21.9	21.0	25.0
Advertising	3.1	5.6	1.7	2.4	1.3	1.4	1.7
Assets less than R5 000	1.1	1.3	4.8	3.0	1.5	1.8	2.1
Catering: Departmental activities	–	0.8	0.9	1.4	1.2	1.4	1.6
Communication	8.3	9.1	10.1	5.8	7.8	8.6	9.2
Computer services	1.4	2.8	5.5	7.9	14.1	14.7	15.8
Consultants and professional services: Business and advisory services	3.4	7.7	34.0	45.9	16.4	17.3	15.0
Consultants and professional services: Infrastructure and planning	9.2	15.0	8.9	2.7	9.5	10.3	11.1
Consultants and professional services: Legal costs	3.1	0.4	1.0	3.8	2.2	3.4	3.6
Contractors	0.6	0.4	1.3	2.2	0.4	0.7	0.7
Agency and support / outsourced services	1.0	0.4	0.5	1.9	0.6	1.0	1.0
Entertainment	–	0.0	0.0	0.2	0.3	0.4	0.5
Inventory: Other consumables	0.0	0.5	0.1	0.2	0.7	0.8	1.0
Inventory: Stationery and printing	1.6	1.8	2.5	4.0	4.0	4.2	4.5
Lease payments	1.8	1.6	1.8	2.8	4.5	6.2	6.8
Owned and leasehold property expenditure	2.3	2.6	4.8	5.3	0.9	1.1	1.3
Transport provided: Departmental activities	0.1	0.1	0.4	0.1	0.2	0.2	0.2
Travel and subsistence	20.2	23.3	30.1	25.7	11.5	14.3	16.1
Training and development	0.5	0.3	0.2	1.2	1.4	1.7	1.7
Operating expenditure	0.4	0.3	0.7	1.8	0.0	0.0	0.1
Venues and facilities	2.9	3.6	5.8	8.1	3.5	3.9	3.9
<b>Transfers and subsidies</b>	<b>493.2</b>	<b>366.1</b>	<b>486.1</b>	<b>1 244.1</b>	<b>3 042.5</b>	<b>3 672.7</b>	<b>4 267.2</b>
Provinces and municipalities	8.2	8.1	0.0	–	–	–	–
Departmental agencies and accounts	1.8	2.2	2.4	2.5	1 020.7	1 151.3	1 223.6
Public corporations and private enterprises	–	–	–	0.0	0.0	0.0	0.0
Households	483.2	355.8	483.7	1 241.6	2 021.8	2 521.5	3 043.7
<b>Payments for capital assets</b>	<b>4.3</b>	<b>312.4</b>	<b>851.5</b>	<b>1 333.2</b>	<b>–</b>	<b>–</b>	<b>–</b>
Buildings and other fixed structures	–	–	2.4	–	–	–	–
Machinery and equipment	3.9	3.6	17.6	2.9	–	–	–
Biological and cultivated assets	–	–	9.5	–	–	–	–
Software and other intangible assets	0.4	0.3	0.3	–	–	–	–
Land and subsoil assets	–	308.5	821.8	1 330.3	–	–	–
<b>Total</b>	<b>644.9</b>	<b>854.1</b>	<b>1 571.1</b>	<b>2 888.5</b>	<b>3 454.9</b>	<b>4 099.6</b>	<b>4 721.0</b>

Table 27.8 Land Reform (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Capital</b>	<b>8.0</b>	<b>8.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Land distribution: Alexandra urban renewal project grant	8.0	8.0	–	–	–	–	–
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>1.8</b>	<b>2.2</b>	<b>2.4</b>	<b>2.5</b>	<b>1 020.7</b>	<b>1 151.3</b>	<b>1 223.6</b>
KwaZulu-Natal Ingonyama Trust Board	1.8	2.2	2.4	2.5	2.6	2.8	2.9
Agricultural land holding account	–	–	–	–	1 018.1	1 148.5	1 220.6
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Capital</b>	<b>483.2</b>	<b>355.7</b>	<b>483.1</b>	<b>1 241.6</b>	<b>2 021.8</b>	<b>2 521.5</b>	<b>3 043.7</b>
Land reform grants	483.2	355.7	483.1	1 241.6	2 021.8	2 521.5	3 043.7

## Expenditure trends

Between 2005/06 and 2008/09, expenditure increased from R644.9 million to R2.9 billion, at an average annual rate of 64.8 per cent. The growth was due to additional funding for acquiring and redistributing land through the proactive land acquisition strategy and redistributing land for agricultural development. In 2008/09, an additional R522 million was moved from transfers and subsidies to land and subsoil assets, goods and services, and compensation of employees to cover the shortfall under this programme.

Over the medium term, expenditure is anticipated to rise rapidly at an annual average rate of 17.8 per cent, reaching an estimated R4.7 billion in 2011/12. The increase is due mainly to increased transfers to households through the *Land Reform Grants* subprogramme. Expenditure on goods and services also increases significantly as the area based planning processes in provinces are expected to be completed. This will drive significant expenditure in the form of new proactive land acquisition strategy projects.

## Programme 6: Spatial Planning and Information

- *SPI Management and Support Services* coordinates overarching projects of national strategic significance and provides management and administrative support to all units of the programme.
- *Spatial Planning and Information* creates better land use systems that are supported by spatial planning and spatial information.
- *South African Council for Planners* provides transfers to the South African Council for Planners in line with the Planning Professions Act (2002).

## Objectives and measures

- Ensure more effective spatial planning by extending spatial planning and information services from 4 provinces in 2009/10 to all 9 provinces in 2011/12.
- Comply with the provisions of the Land Use Management Bill by implementing pilot projects in 2 provinces by 2011/12.

## Service delivery and spending focus

In 2008/09, pilot projects were identified in Limpopo and Northern Cape to test prescripts in the Land Use Management Bill. 2 projects were initiated in Northern Cape: the Sol Plaatje municipality spatial development framework has been completed and the Northern Cape spatial development framework is under way. In

Limpopo, evaluations of tenders for the following projects have been completed: the Greater Tubatse local municipality spatial development framework, the Aganang land use management scheme, and the Thulamele local municipality spatial development framework.

## Expenditure estimates

**Table 27.9 Spatial Planning and Information**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
SPI Management and Support Services	7.0	9.7	12.6	11.7	14.3	14.9	15.5
Spatial Planning and Information	10.0	11.3	9.3	18.6	16.9	18.2	19.2
South African Council for Planners	–	–	–	2.1	2.3	2.4	2.6
<b>Total</b>	<b>17.0</b>	<b>21.0</b>	<b>21.8</b>	<b>32.3</b>	<b>33.6</b>	<b>35.4</b>	<b>37.3</b>
Change to 2008 Budget estimate				–	(0.6)	(0.8)	(2.3)

### Economic classification

<b>Current payments</b>	<b>15.6</b>	<b>18.9</b>	<b>21.0</b>	<b>29.6</b>	<b>31.1</b>	<b>32.8</b>	<b>34.5</b>
Compensation of employees	10.1	11.0	10.3	18.8	27.6	29.2	31.0
Goods and services	5.5	7.9	10.6	10.9	3.5	3.6	3.5
<i>of which:</i>							
Assets less than R5 000	0.5	0.2	0.0	0.2	0.5	0.4	0.4
Communication	0.3	1.9	0.5	0.2	0.0	0.1	0.1
Computer services	0.1	0.1	2.4	0.2	0.2	0.2	0.3
Consultants and professional services: Business and advisory services	0.2	1.0	2.3	7.6	1.9	2.0	1.7
Inventory: Stationery and printing	0.2	0.6	0.6	0.6	0.1	0.1	0.1
Lease payments	0.2	0.2	0.1	0.6	0.1	0.1	0.2
Travel and subsistence	2.1	2.3	3.4	0.6	0.1	0.2	0.2
Venues and facilities	0.9	0.9	1.0	0.5	0.4	0.4	0.3
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.1</b>	<b>–</b>	<b>2.1</b>	<b>2.3</b>	<b>2.4</b>	<b>2.6</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Non-profit institutions	–	–	–	2.1	2.3	2.4	2.6
Households	0.0	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>1.4</b>	<b>2.1</b>	<b>0.9</b>	<b>0.6</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Machinery and equipment	0.9	0.9	0.9	0.6	0.2	0.2	0.2
Software and other intangible assets	0.4	1.2	–	–	–	–	–
<b>Total</b>	<b>17.0</b>	<b>21.0</b>	<b>21.8</b>	<b>32.3</b>	<b>33.6</b>	<b>35.4</b>	<b>37.3</b>

### Details of selected transfers and subsidies

<b>Non-profit institutions</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2.1</b>	<b>2.3</b>	<b>2.4</b>	<b>2.6</b>
South African Council for Planners	–	–	–	2.1	2.3	2.4	2.6

## Expenditure trends

Expenditure increased rapidly from R17 million in 2005/06 to R32.3 million in 2008/09, an average annual increase of 23.8 per cent. This is because new spatial planning and information offices were established in five other provinces.

Over the MTEF period, the total budget allocation for the programme is expected to increase at an average annual rate of 4.9 per cent, from R32.3 million in 2008/09 to R37.3 million in 2011/12. The bulk of the funding is for compensation of employees in the new decentralised provincial offices.

## Programme 7: Auxiliary and Associated Services

- *Government Motor Transport* is responsible for buying vehicles for departmental use.
- *Registration of Deeds Trading Account* provides for the growth of trading capital and the procurement of capital equipment for the deeds registration chief directorate.
- *Sector Education and Training Authority* funds a contribution to the Public Sector Education and Training Authority.
- *Capital Works* funds capital works projects undertaken by the Department of Public Works.

### Objectives and measures

- Provide a high quality deeds registration system which registers secure titles within 6 days of lodgement and provides speedy and accurate over-the-counter information about the status of registrations.

### Expenditure estimates

**Table 27.10 Auxiliary and Associated Services**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Government Motor Transport	–	4.9	3.0	–	3.3	3.4	3.7
Registration of Deeds Trading Account	–	–	–	0.0	0.0	0.0	0.0
Sector Education and Training Authority	–	–	–	0.0	0.0	0.0	0.0
Capital Works	6.0	8.7	3.3	10.2	9.6	43.9	46.5
<b>Total</b>	<b>6.0</b>	<b>13.7</b>	<b>6.3</b>	<b>10.2</b>	<b>12.9</b>	<b>47.3</b>	<b>50.2</b>
Change to 2008 Budget estimate				(3.1)	(1.2)	(2.5)	(2.7)
<b>Economic classification</b>							
<b>Current payments</b>	<b>6.0</b>	<b>8.7</b>	<b>3.3</b>	<b>10.2</b>	<b>9.6</b>	<b>8.9</b>	<b>9.4</b>
Goods and services	6.0	8.7	3.3	10.2	9.6	8.9	9.4
of which:							
Consultants and professional services: Business and advisory services	4.0	2.9	2.8	5.0	5.0	5.3	5.6
Contractors	–	–	–	5.2	–	–	–
Owned and leasehold property expenditure	1.8	5.7	0.5	–	4.6	3.6	3.8
Travel and subsistence	0.2	0.0	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Departmental agencies and accounts	–	–	–	0.0	0.0	0.0	0.0
<b>Payments for capital assets</b>	<b>–</b>	<b>4.9</b>	<b>3.0</b>	<b>–</b>	<b>3.3</b>	<b>38.4</b>	<b>40.8</b>
Buildings and other fixed structures	–	–	–	–	–	35.0	37.1
Machinery and equipment	–	4.9	3.0	–	3.3	3.4	3.7
<b>Total</b>	<b>6.0</b>	<b>13.7</b>	<b>6.3</b>	<b>10.2</b>	<b>12.9</b>	<b>47.3</b>	<b>50.2</b>

### Expenditure trends

Expenditure in this programme increased at an average annual rate of 19 per cent from R6 million in 2005/06 to R10.2 million in 2008/09. R3.1 million was reprioritised to other functions within the department during 2008/09.

Expenditure is expected to increase at an average annual rate of 70.3 per cent over the medium term, mainly due to the increase in capital works for buying land for the office construction project, a public private partnership starting in 2010/11.



## Public entity and other agencies

### Registration of the deeds trading account

#### Strategic overview: 2005/06 – 2011/12

Deeds registries are established in line with the Deeds Registries Act (1937). Their primary purpose is to register rights in land, provide security of title, and maintain public registers of land. The deeds trading account is a trading entity established in terms of the Public Finance Management Act (1999). It generates revenue by selling information and levying fees in accordance with the schedule of fees prescribed by regulation 84 of the act.

A new electronic system, e-cadastre, is being introduced and is expected to reduce deeds registration turnaround times to within 15 days. A phased approach will be followed, which includes consolidating cadastral and deeds data stores, and scanning all paper records to create digital archives. The server storage will be upgraded to accommodate the digital archives. This project will be implemented in Pretoria, Limpopo, Cape Town, Mthatha, Vryburg and Kimberley during the first phase.

Regulations for deeds registration will be amended to make the provision of personal details relating to race, gender and nationality compulsory for statistical purposes. This will provide the data required to develop a policy on land ownership by foreigners. Deeds registries will have to be expanded, resulting in an increase in compensation of employees and goods and services over the medium term.

#### Selected performance and operations indicators

**Table 27.11 Registration of Deeds Trading Account: Project information**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of additional provinces with a functional e-cadastre system	–	–	–	–	2	2	3
Number of additional provinces with an operational deeds registry	–	–	1	1	1	–	–

#### Service delivery and spending focus

The microfilm camera replacement project was completed in 2008/09 and day-to-day scanning is now being done in microfilm deeds registries. This has resulted in a considerable reduction in the delivery of registered deeds, from 3 months to 14 days. The server storage for the deeds registries at Kimberley, Vryburg and Mthatha was upgraded to accommodate this function.

The feasibility study for reform of the cadastre has been finalised and identified projects will be implemented as key priorities over the MTEF period, including: cadastre project management, IT governance, and the consolidation of data stores and back scanning of paper records; establishing a deeds registry in Limpopo; transforming the surveyor-general and cadastre offices into a government component; deeds debtors management; and implementing a virtual private network.

Accommodation for housing the Limpopo deeds registry was procured and certain services will be available to the public by March 2009. The trading account aims to improve public access to its services in this way.

#### Expenditure estimates

**Table 27.12 Registration of Deeds Trading Account: Project information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Registration of deeds	244.6	305.9	338.9	402.7	412.8	475.0	620.2
Back-scanning of records	–	17.0	17.0	5.7	68.3	62.6	–
Design and Implementation of e-cadastre infrastructure	–	–	–	8.9	48.1	50.1	–
Server storage upgrade (increase as a result of backscanning)	–	–	–	–	16.5	–	–
Other projects	–	–	–	1.0	11.0	–	–
<b>Total expense</b>	<b>244.6</b>	<b>322.9</b>	<b>355.9</b>	<b>418.3</b>	<b>556.7</b>	<b>587.7</b>	<b>620.2</b>

**Table 27.13 Registration of Deeds Trading Account: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>407.0</b>	<b>440.2</b>	<b>433.6</b>	<b>418.3</b>	<b>556.7</b>	<b>587.7</b>	<b>620.2</b>
Sale of goods and services other than capital assets	386.6	423.5	419.0	412.7	546.9	577.3	609.2
<i>of which:</i>							
Registration of deeds and sale of information	386.6	423.5	419.0	412.7	546.9	577.3	609.2
Other non-tax revenue	20.4	16.7	14.6	5.6	9.8	10.4	11.0
<b>Total revenue</b>	<b>407.0</b>	<b>440.2</b>	<b>433.6</b>	<b>418.3</b>	<b>556.7</b>	<b>587.7</b>	<b>620.2</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>243.5</b>	<b>322.9</b>	<b>355.9</b>	<b>418.3</b>	<b>556.7</b>	<b>587.7</b>	<b>620.2</b>
Compensation of employees	154.0	207.4	193.3	230.3	309.9	331.6	354.8
Goods and services	74.5	91.9	144.1	159.2	219.5	226.1	235.4
Depreciation	13.4	21.6	17.0	28.8	27.3	30.0	30.0
Interest, dividends and rent on land	1.6	2.0	1.4	–	–	–	–
<b>Transfers and subsidies</b>	<b>1.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total expenses</b>	<b>244.6</b>	<b>322.9</b>	<b>355.9</b>	<b>418.3</b>	<b>556.7</b>	<b>587.7</b>	<b>620.2</b>
<b>Surplus / (Deficit)</b>	<b>162.4</b>	<b>117.3</b>	<b>77.7</b>	<b>(0.0)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Statement of financial position</b>							
Carrying value of assets	90.8	97.8	121.1	131.0	119.7	131.6	143.2
<i>of which: Acquisition of assets</i>	<i>42.5</i>	<i>28.9</i>	<i>41.3</i>	<i>38.7</i>	<i>38.2</i>	<i>42.0</i>	<i>42.0</i>
Inventory	1.0	1.1	1.2	1.6	1.4	1.3	1.1
Receivables and prepayments	62.8	72.0	59.8	41.3	55.7	58.8	62.0
Cash and cash equivalents	133.2	94.1	53.3	41.8	55.7	58.8	62.0
<b>Total assets</b>	<b>287.8</b>	<b>265.0</b>	<b>235.4</b>	<b>215.7</b>	<b>232.4</b>	<b>250.5</b>	<b>268.4</b>
Accumulated surplus/deficit	49.3	47.1	124.8	–	–	–	–
Trade and other payables	216.3	193.1	94.6	200.2	216.4	232.5	248.4
Provisions	22.2	24.8	16.0	15.5	16.0	18.0	20.0
<b>Total equity and liabilities</b>	<b>287.8</b>	<b>265.0</b>	<b>235.4</b>	<b>215.7</b>	<b>232.4</b>	<b>250.5</b>	<b>268.4</b>

### Expenditure trends

Expenditure between 2006/07 and 2008/09 increased at an average annual rate of 9.6 per cent, from R322.9 million to R418.3 million. This was mainly due to increased spending on goods and services, from R91.9 million in 2006/07 to R144.1 million in 2008/09, for leasing equipment for scanning deed documentation. Compensation of employees decreased from R207.4 million in 2006/07 to R193.3 million in 2007/08 due to the processing of arrear payments in 2006/07. The trading account declared surpluses of R117.3 million (restated) in 2006/07 and R77.7 million in 2007/08, a decrease of 34 per cent, of which R53.2 million was retained.

Over the MTEF period, expenditure is expected to increase from R418.3 million in 2008/09 to R620.2 million in 2011/12. Compensation of employees increases at an average annual rate of 19 per cent between 2005/06 and 2009/10, but stabilises at an average annual rate of 7 per cent in the two outer years of the medium term. The increase is due to the new organisational structure aimed at improving service delivery. Expenditure on goods and services is projected to increase by 38 per cent in 2009/10 and stabilise in the outer years of the MTEF period. The schedule of fees for deeds registration was reviewed in line with the expenditure trends, and it is expected that projected revenue will be able to cover the cost of operations over the medium term.

## Additional tables

**Table 27.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	406.8	429.3	420.6	434.6	(10.7)	423.9	423.9
2. Surveys and Mapping	100.3	105.6	97.3	88.2	3.2	91.4	91.4
3. Cadastral Surveys	100.4	141.4	137.6	105.3	9.5	114.9	114.9
4. Restitution	3 327.1	3 577.1	3 638.5	3 097.3	1.0	3 098.3	3 098.3
5. Land Reform	1 696.7	1 635.7	1 571.1	2 888.5	–	2 888.5	2 888.5
6. Spatial Planning and Information	30.8	22.2	21.8	32.3	–	32.3	32.3
7. Auxiliary and Associated Services	12.6	12.6	6.3	13.2	(3.1)	10.2	10.2
<b>Total</b>	<b>5 674.6</b>	<b>5 923.8</b>	<b>5 893.1</b>	<b>6 659.4</b>	<b>0.0</b>	<b>6 659.4</b>	<b>6 659.4</b>

  

Economic classification							
<b>Current payments</b>	<b>1 261.7</b>	<b>1 240.1</b>	<b>1 144.1</b>	<b>1 097.3</b>	<b>216.8</b>	<b>1 314.2</b>	<b>1 314.2</b>
Compensation of employees	669.4	573.3	473.6	640.7	91.3	731.9	731.9
Goods and services	592.3	666.8	666.6	456.7	125.6	582.2	582.2
Financial transactions in assets and liabilities	–	–	3.8	–	–	–	–
<b>Transfers and subsidies</b>	<b>4 014.3</b>	<b>3 763.9</b>	<b>3 832.8</b>	<b>4 661.5</b>	<b>(691.1)</b>	<b>3 970.4</b>	<b>3 970.4</b>
Provinces and municipalities	–	0.1	0.1	–	0.0	0.0	0.0
Departmental agencies and accounts	2.4	2.4	2.4	2.5	–	2.5	2.5
Public corporations and private enterprises	0.0	(0.0)	–	0.0	–	0.0	0.0
Foreign governments and international organisations	1.1	1.1	1.0	–	1.2	1.2	1.2
Non-profit institutions	2.0	–	–	2.1	–	2.1	2.1
Households	4 008.9	3 760.4	3 829.3	4 656.9	(692.3)	3 964.6	3 964.6
<b>Payments for capital assets</b>	<b>398.6</b>	<b>919.8</b>	<b>916.3</b>	<b>900.6</b>	<b>474.3</b>	<b>1 374.9</b>	<b>1 374.9</b>
Buildings and other fixed structures	0.2	–	2.4	–	0.1	0.1	0.1
Machinery and equipment	43.2	49.7	63.1	34.3	5.8	40.1	40.1
Cultivated assets	–	–	9.5	–	–	–	–
Software and intangible assets	18.2	21.0	8.4	13.7	(12.3)	1.4	1.4
Land and subsoil assets	337.1	849.1	832.8	852.7	480.6	1 333.3	1 333.3
<b>Total</b>	<b>5 674.6</b>	<b>5 923.8</b>	<b>5 893.1</b>	<b>6 659.4</b>	<b>–</b>	<b>6 659.4</b>	<b>6 659.4</b>

**Table 27.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	356.2	398.7	467.8	724.7	935.3	964.6	1 023.7
Unit cost (R million)	0.1	0.1	0.2	0.2	0.3	0.3	0.4
Personnel numbers (head count)	2 848	2 924	2 924	2 924	2 924	2 924	2 924
<b>Part time and temporary contract employees</b>							
Compensation (R million)	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Unit cost (R million)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Personnel numbers (head count)	3	3	3	3	3	3	3
<b>Interns</b>							
Compensation of interns (R million)	2.9	4.5	5.5	6.9	7.2	7.2	7.2
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	188	154	200	220	220	220	220
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>359.4</b>	<b>403.6</b>	<b>473.6</b>	<b>731.9</b>	<b>942.9</b>	<b>972.2</b>	<b>1 031.3</b>
<b>Unit cost (R million)</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
<b>Personnel numbers (head count)</b>	<b>3 039</b>	<b>3 081</b>	<b>3 127</b>	<b>3 147</b>	<b>3 147</b>	<b>3 147</b>	<b>3 147</b>

**Table 27.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	359.4	402.6	572.2	640.7	672.7	705.6	–
Training expenditure (R million)	11.8	11.6	9.0	9.4	9.9	10.4	11.0
Training as percentage of compensation	3.3%	2.9%	1.6%	1.5%	1.5%	1.5%	
Total number trained in department (head count)	3 024	3 325	3 351	–			
<i>of which:</i>							
Employees receiving bursaries (head count)	182	215	201	–			
Internships trained (head count)	156	206	220	–			
Households receiving bursaries (R million)	2.8	6.2	2.0	11.5	11.5	12.1	12.1
Households receiving bursaries (head count)	11	49	82	–			

**Table 27.D Summary of conditional grants to provinces and municipalities<sup>1</sup>**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
<b>Conditional grants to provinces</b>							
<b>5. Land Reform</b>							
Land distribution: Alexandra urban renewal project grant	8.0	8.0	–	–	–	–	–
<b>Total</b>	<b>8.0</b>	<b>8.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

1. Detail provided in the Division of Revenue Act (2009)

**Table 27.E Summary of departmental public private partnership projects**

Project description: Department of Land Affairs main campus		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million			2008/09	2009/10	2010/11	2011/12
Projects signed in terms of Treasury Regulation 16		–	–	–	35.0	37.1
PPP unitary charge		–	–	–	35.0	37.1
Total		–	–	–	35.0	37.1

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	Public private partnership accommodation of Pretoria based offices
Brief description	The project focus is on the construction, operation and maintenance of a facility to create an optimal working environment for the department to meet its client' needs. Currently the department accommodates its staff in six buildings located around Pretoria. It is the intention, that through a public private partnership, these diverse offices will be consolidated onto a campus like facility.

Table 27.F Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign</b>												
<b>In cash</b>												
Belgium	Post-settlement and development support to restitution beneficiaries for the Commission on Restitution of Land Rights in the Department of Land Affairs	Restitution	56 855	Goods and services	Purchased 37 computers and related equipment	-	-	35	-	-	-	-
<b>Total</b>			<b>56 855</b>			<b>-</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 27.G Summary of expenditure on infrastructure

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
<b>Small projects or programmes (costing less than R50 million per annum)</b>											
Office accommodation maintenance and repairs	Maintenance on infrastructure	Maintenance	Final	-	6.0	8.7	3.3	5.2	4.4	4.0	3.8
<b>Total</b>				<b>-</b>	<b>6.0</b>	<b>8.7</b>	<b>3.3</b>	<b>5.2</b>	<b>4.4</b>	<b>4.0</b>	<b>3.8</b>



# Vote 28

## Minerals and Energy

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	229.3	217.3	1.3	10.7	251.7	267.0
Promotion of Mine Safety and Health	133.0	127.5	5.1	0.5	142.7	151.2
Mineral Regulation	168.1	168.1	–	–	186.2	197.3
Mineral Policy and Promotion	62.4	37.3	25.1	–	67.1	71.0
Hydrocarbons and Energy Planning	55.3	55.3	–	–	60.5	64.1
Electricity, Nuclear and Clean Energy	338.4	73.2	265.2	–	458.0	563.9
Associated Services	3 660.8	–	3 660.8	–	3 940.3	4 124.5
<b>Total expenditure estimates</b>	<b>4 647.2</b>	<b>678.6</b>	<b>3 957.4</b>	<b>11.2</b>	<b>5 106.5</b>	<b>5 439.0</b>
Executive authority	Minister of Minerals and Energy					
Accounting officer	Director-General of Minerals and Energy					
Website address	www.dme.gov.za					

### Aim

*The aim of the Department of Minerals and Energy is to formulate overall minerals and energy policies, promote integrated planning, and regulate the sectors to support growth, transformation, safety and sustainability.*

### Programme purposes

#### Programme 1: Administration

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

#### Programme 2: Promotion of Mine Safety and Health

**Purpose:** Protect the health and safety of mine employees and people affected by mining activities in the execution of the department's statutory mandate.

#### Programme 3: Mineral Regulation

**Purpose:** Regulate the minerals and mining sector in order to promote economic development, employment and ensure transformation and environmental compliance.

#### Programme 4: Mineral Policy and Promotion

**Purpose:** Develop relevant mineral policies that promote South Africa's mining and minerals industries in order to attract investment.



## **Programme 5: Hydrocarbons and Energy Planning**

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

## **Programme 6: Electricity, Nuclear and Clean Energy**

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

## **Programme 7: Associated Services**

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

## **Strategic overview: 2005/06 – 2011/12**

The Department of Minerals and Energy plays an important regulatory role in the mining and energy sectors, as well as promoting the development of the industries. Over the medium term, the department will prioritise interventions aimed at improving the security of energy supply, promoting mine health and safety and strengthening the regulatory framework within these sectors.

### **Energy**

In January 2008, South Africans experienced rolling power outages as demand for electricity outstripped supply. With the electricity reserve margin declining to less than 8 per cent compared to a target of 19 per cent by the end of 2008, ensuring that there is a secure supply in the electricity sector is clearly a priority. In response to these challenges, the department has instituted a multi-pronged approach to deal with the electricity emergency.

#### *Ensuring a secure supply of electricity*

This includes short term interventions aimed at managing demand and improving energy efficiency. Among others, the department has set energy conservation targets, promulgated electricity regulations for the prohibition of certain practices in the electricity supply industry, and defined compulsory norms and standards for the prohibition of the use of incandescent light bulbs in certain circumstances. More long term measures include reforming the legislative and regulatory framework, as well as building new capacity for electricity generation.

The department is currently in the final stages of negotiations with an independent power producer for the construction of two peaking power plants of 1000MW capacity in Eastern Cape and KwaZulu-Natal. The power plants are scheduled for commissioning in the first quarter of 2011. All procurement of generation capacity will be done through Eskom's single buyer office, which means that Eskom is the sole buyer of power from independent power producers. A new regulation will be promulgated to define how the single buyer office will operate, including the oversight role of government and the National Energy Regulator of South Africa.

#### *Electricity pricing*

After the electricity pricing policy had been developed by the Department of Minerals and Energy in consultation with the National Energy Regulator of South Africa and other stakeholders, Cabinet approved the policy in November 2008. The electricity sets a clear framework on the determination of electricity prices, creates the basis for cost effective tariffs, ensures the long term sustainability of the electricity industry and promotes the achievement of government's long term socioeconomic goals. This policy will guide the energy regulator in achieving a multi-year price determination (the wholesale tariff negotiation with Eskom) and support the long term sustainability of the electricity industry.

The department also developed a regulation allowing the energy regulator to deviate from the approved tariffs in certain circumstances. This regulation requires the system operator to declare that there is a deficit in electricity generation or a transmission constraint that requires extraordinary action. The energy regulator can then mitigate the electricity deficit or transmission constraint, by deviating from the approved tariff in one of three prescribed circumstances. First, when electricity demand is higher than supply, this threatens the sustainability of the electricity supply industry; second, when national savings targets of at least 10 per cent are not achieved, and third, when the sector saving targets is not achieved. This includes measures to be instituted if individuals and entities consume electricity more than their set quotas, where they are charged at a premium rate to discourage wasteful practices.

#### *Restructuring the electricity distribution industry*

The restructuring of the electricity distribution industry aims to restructure and consolidate the fragmented electricity distribution industry into regional electricity distributors to increase efficiencies, reduce disparities in tariffs, improve customer service, maintain infrastructure networks, and benefit from economies of scale. The department has drafted a constitutional amendment to allow for regional electricity distributors to be constituted as public entities. This amendment is required before the primary legislation establishing the regional electricity distributors can be passed. The constitutional amendment is due to be effected in the second half of 2009.

#### *New energy legislation and policies*

The National Energy Act was signed by the president in November 2008. The act aims to ensure that diverse energy resources are available, taking into account environmental management requirements and coordination among economic sectors. It also provides for energy planning, the increased generation and consumption of renewable energies, the establishment of a contingency energy supply and the holding of strategic energy feedstocks and carriers, and promotes adequate investment in and the maintenance of energy infrastructure. In addition, the act provides for the establishment of the South African National Energy Development Institute as a schedule 3A entity in line with the Public Finance Management Act (1999).

Petroleum pipeline regulations were promulgated in April 2008. The regulations provide guidance on the determination of tariffs for pipelines, storage and loading facilities, and establish the necessary systems and structures for the National Energy Regulator of South Africa to regulate the industry and promote investment in infrastructure in the pipeline industry.

Nuclear energy remains a possible option for power generation in South Africa. The nuclear energy policy and strategy was approved by Cabinet in June 2008. The policy provides a framework for the development of an expanded nuclear programme. Regulations on the format of application for a nuclear installation licence, or a certificate of registration or exemption, have also been published.

### **Minerals**

The increase in the number of mine related fatalities has raised concerns about mine health and safety. The fatality rate per million hours worked increased from 0.20 in 2006 to 0.21 in 2007. Following a presidential request to undertake an audit of mine safety, the department completed audits of 333 high risk mines in 2007/08. Despite the increase in fatalities, there has been some improvement in the injury rate per million hours worked, which decreased from 4.14 in 2006 to 3.62 in 2007. To further enforce compliance, the department has introduced amendments to the Mine Health and Safety Act (1996). The amendments aim to establish the Mine Health and Safety Inspectorate as a juristic entity with greater investigative capacity and enforcement powers.

A downstream beneficiation strategy for the mineral sector was developed in 2008 with inputs from the interdepartmental task team. The team has been participating in the process since 2006 and its main role players are the departments of minerals and energy, trade and industry, science and technology and National Treasury.

## Selected performance and operations indicators

Table 28.1 Minerals and Energy

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of occupational health and safety inspections and mine audits conducted each year	Promotion of Mine Safety and Health	14 549	16 354	12 700	12 700	12 700	12 700	12 700
Number of mining rights granted to historically disadvantaged South Africans each year	Mineral Regulation	–	–	42	27	27	27	27
Number of women led companies licensed each year	Mineral Regulation	–	49	18	18	18	18	18
Number of charter inspections conducted each year	Mineral Regulation	–	–	160	140	140	140	140
Number of small to medium mining enterprises supported each year	Mineral Policy and Promotion	15	18	38	45	48	48	48
Number of random site inspections conducted each year	Hydrocarbons and Energy Planning	–	–	360	1 200	1 800	1 920	2 040
Number of sites where fuel samples were taken each year	Hydrocarbons and Energy Planning	–	–	60	120	120	120	120
Number of compliance audit certificates issued each year	Hydrocarbons and Energy Planning	–	–	–	4	4	4	4
Number of operational integrated energy centres each year	Hydrocarbons and Energy Planning	2	5	5	3	2	2	2
Number of new households electrified each year	Associated Services	185 833	122 711	187 925	150 000	150 000	200 000	250 000
Number of new schools electrified each year	Associated Services	1623	372	948	2 500	2 500	0	0
Number of new bulk substations built each year	Associated Services	–	–	9	10	10	10	10
Number of temporary jobs created each year	Associated Services	2 327	4 729	5 035	4 500	4 500	4 500	4 500
Number of full time jobs created each year	Associated Services	259	526	559	500	500	500	500
Number of learners participating in electrification projects each year	Associated Services	1 553	1 389	1 599	800	800	800	800
Amount of broad based black economic empowerment (BEE) and black women-owned and small, medium and micro enterprise (SMME) expenditure generated by the integrated national electrification programme each year	Associated Services	R453.5m	R560.m	R894m	R933m	R933m	R1.2bn	R1.2bn
Number of subsidised renewable energy projects each year	Electricity, Nuclear, Clean Energy	0	0	3	3	4	6	8
Number of green certificates issued each year	Electricity, Nuclear, Clean Energy	0	0	0	0	0	2	5

## Expenditure estimates

Table 28.2 Minerals and Energy

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	130.8	152.8	191.4	220.5	220.5	229.3	251.7	267.0
2. Promotion of Mine Safety and Health	99.0	105.1	104.3	127.0	127.0	133.0	142.7	151.2
3. Mineral Regulation	84.0	129.3	137.8	162.1	162.1	168.1	186.2	197.3
4. Mineral Policy and Promotion	84.3	75.3	73.6	64.9	64.9	62.4	67.1	71.0
5. Hydrocarbons and Energy Planning	20.6	31.2	35.6	45.9	45.9	55.3	60.5	64.1
6. Electricity, Nuclear and Clean Energy	82.1	65.0	86.7	261.4	261.4	338.4	458.0	563.9
7. Associated Services	1 690.8	2 048.9	2 318.0	2 904.4	2 803.1	3 660.8	3 940.3	4 124.5
<b>Total</b>	<b>2 191.6</b>	<b>2 607.7</b>	<b>2 947.4</b>	<b>3 786.2</b>	<b>3 685.0</b>	<b>4 647.2</b>	<b>5 106.5</b>	<b>5 439.0</b>
Change to 2008 Budget estimate				190.8	89.6	329.0	517.3	671.2

Table 28.2 Minerals and Energy (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>417.9</b>	<b>501.0</b>	<b>573.4</b>	<b>654.3</b>	<b>654.3</b>	<b>678.6</b>	<b>756.2</b>	<b>801.5</b>
Compensation of employees	217.1	246.2	290.6	349.1	349.1	394.3	426.1	451.3
Goods and services	200.8	254.7	277.2	305.2	305.2	284.3	330.1	350.1
of which:								
Administrative fees	2.1	2.9	1.5	26.6	26.6	34.8	38.0	41.7
Advertising	2.7	11.3	18.3	18.7	18.7	16.1	17.2	18.0
Assets less than R5 000	3.0	3.6	2.3	3.2	3.2	3.7	3.9	4.1
Audit costs: External	2.1	2.2	2.4	2.5	2.5	2.6	2.8	2.9
Bursaries (employees)	1.0	1.1	1.7	2.6	2.6	2.9	3.0	3.2
Catering: Departmental activities	0.6	2.3	2.5	3.3	3.3	2.4	2.6	2.7
Communication	11.0	11.7	12.9	7.5	7.5	12.0	14.1	14.7
Computer services	5.9	10.0	9.5	29.6	29.6	26.9	28.3	29.6
Consultants and professional services:	67.9	56.0	39.9	10.8	10.8	3.3	21.6	23.4
Business and advisory services								
Consultants and professional services:	4.2	34.8	36.0	61.6	61.6	58.5	65.3	69.7
Infrastructure and planning								
Consultants and professional services:	1.4	2.1	5.7	2.4	2.4	2.0	2.3	2.4
Legal costs								
Contractors	1.3	2.9	8.3	11.1	11.1	7.5	7.8	8.1
Agency and support / outsourced services	0.0	0.3	0.0	13.6	13.6	15.4	17.9	18.7
Entertainment	1.3	0.3	–	0.4	0.4	0.4	0.4	0.4
Inventory: Learner and teacher support material	–	–	–	0.7	0.7	0.7	0.7	0.7
Inventory: Other consumables	0.2	0.2	0.1	0.4	0.4	0.5	0.5	0.5
Inventory: Stationery and printing	3.6	4.8	4.7	9.4	9.4	8.9	9.4	9.9
Lease payments	21.5	25.1	23.4	3.0	3.0	2.1	2.2	2.3
Owned and leasehold property expenditure	0.8	1.0	3.5	1.0	1.0	1.1	1.2	1.2
Travel and subsistence	53.7	64.9	73.4	64.7	64.7	52.0	59.0	62.3
Training and development	2.9	2.1	5.0	7.3	7.3	7.8	8.2	8.5
Operating expenditure	9.8	11.0	15.2	14.7	14.7	14.0	14.8	15.4
Venues and facilities	3.7	4.1	10.8	9.6	9.6	8.1	8.5	8.9
Financial transactions in assets and liabilities	0.0	0.1	5.6	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 768.4</b>	<b>2 099.9</b>	<b>2 366.5</b>	<b>3 120.2</b>	<b>3 019.0</b>	<b>3 957.4</b>	<b>4 338.2</b>	<b>4 624.5</b>
Provinces and municipalities	298.2	390.9	462.5	595.6	494.4	1 108.0	1 240.1	1 376.6
Departmental agencies and accounts	204.2	206.2	262.1	257.2	257.2	270.0	282.7	220.2
Public corporations and private enterprises	1 264.9	1 500.5	1 639.8	2 266.0	2 266.0	2 578.2	2 814.0	3 026.2
Households	1.1	2.3	2.1	1.3	1.3	1.3	1.4	1.5
<b>Payments for capital assets</b>	<b>5.3</b>	<b>6.8</b>	<b>7.5</b>	<b>11.7</b>	<b>11.7</b>	<b>11.2</b>	<b>12.1</b>	<b>13.0</b>
Machinery and equipment	4.3	6.4	5.3	9.4	9.4	9.7	10.5	11.4
Software and other intangible assets	1.1	0.1	2.2	1.5	1.5	1.5	1.6	1.7
Land and subsoil assets	–	0.2	–	0.8	0.8	–	–	–
<b>Total</b>	<b>2 191.6</b>	<b>2 607.7</b>	<b>2 947.4</b>	<b>3 786.2</b>	<b>3 685.0</b>	<b>4 647.2</b>	<b>5 106.5</b>	<b>5 439.0</b>

## Expenditure trends

Expenditure increased from R2.2 billion in 2005/06 to R3.8 billion in 2008/09 at an average annual rate of 20 per cent. This increase is driven by transfers and subsidies in the *Associated Services* programme, which rises from R1.7 billion to R2.9 billion over the same period. In 2008/09, transfer payments to public entities, municipalities and other organisations accounted for an average of 82 per cent of the department's total expenditure.

Spending on compensation of employees increased from R217.1 million in 2005/06 to R349.1 million in 2008/09 at an average annual rate of 17.2 per cent. Similarly, expenditure on goods and services increased from R201 million in 2005/06 to R305 million in 2008/09 at an average annual rate of 15 per cent. These increases are due to provisions for additional staff members and related expenditure.

Over the MTEF period, overall spending for the department is expected to grow from R3.8 billion in 2008/09 to an estimated R5.4 billion in 2011/12 at an average annual rate of 12.8 per cent. Growth in the budget is driven by payments to municipalities, public entities and other government agencies and is expected to increase from R3.1 billion in 2008/09 to an estimated R4.6 billion in 2011/12 at an average annual rate of 14 per cent. This is due to growth in the integrated national electrification programme for the electrification of households, schools and clinics.

Over the MTEF period, additional funding of R260 million, R55 million and R45 million is allocated for the demand side electricity management project, the renewable energy subsidy scheme and the renewable Working for Energy project.

### **Savings and reprioritisation**

The department implemented cost containment initiatives over the MTEF period that produced total savings of R150.4 million (R45.3 million in 2009/10, R51.3 million in 2010/11 and R53.7 million in 2011/12) mainly from goods and services and transfers to departmental agencies.

In aggregate, savings amounting to R29.2 million in 2009/10, R26.2 million in 2010/11 and R27 million in 2011/12 have been identified in goods and services expenditure and transfer payments to public entities.

### **Infrastructure spending**

The integrated national electrification programme consists of transfer payments to municipalities, Eskom and non-grid service providers for grid and non-grid electricity connections to schools, clinics and households. Transfer payments in relation to the programme accounted for an average of 51 per cent of the department's total expenditure between 2005/06 and 2008/09.

Additional allocations of R194 million for municipalities and R331 million for Eskom are reflected in the projected increase in capital infrastructure transfers for the implementation of the programme under the *Associated Services* programme over the MTEF period.

The total allocation for electrification was R1.6 billion for both grid and non-grid connections in 2007/08. The targets set for grid electrification were 150 000 household connections, 700 school connections and all clinics.

## **Departmental receipts**

The main sources of receipts for the Department of Minerals and Energy are royalties, surface rental and prospecting fees collected from mining companies. Combined, these made up on average 92 per cent of total annual departmental revenue between 2004/05 and 2007/08. The exception was in 2006/07, when transfers received contributed 72 per cent of revenue because of non-departmental revenue of R466.5 million from the sale of assets from the Lebowa Mineral Trust. Actual revenue recoveries for 2007/08 were higher than anticipated, mainly due to an increase in royalty payments from individual mines. Royalties, surface rental, prospecting fees and petroleum licences are projected to continue to be the main source of receipts over the MTEF period, and departmental revenue is expected to increase from R217 million in 2009/10 to R247 million in 2011/12.

The Petroleum Products Amendment Act (2003) requires licensees to pay licence application and annual licence renewal fees, including amendment fees, for all licence types. To date, approximately 13 800 applications have been received and approximately 7 500 processed. Data from the petroleum product licensing system has been used as a benchmark to estimate the revenue to be collected by the end of 2008/09: R8.6 million for application and renewal fees from previous years and about R3.7 million as annual fees. This amount is set to remain stable in future years.

**Table 28.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>133 611</b>	<b>191 027</b>	<b>268 305</b>	<b>198 120</b>	<b>199 875</b>	<b>203 132</b>	<b>209 234</b>	<b>215 519</b>
Sales of goods and services produced by department	2 510	1 809	3 358	4 498	4 797	4 691	4 834	4 980
Sales of scrap, waste, arms and other used current goods	3	3	4	2	3	1	1	1
Fines, penalties and forfeits	276	458	218	120	142	140	144	149
Interest, dividends and rent on land	129 800	188 515	244 126	190 000	192 246	197 915	203 858	209 981
Financial transactions in assets and liabilities	1 022	242	20 599	3 500	2 687	385	397	408
<b>Extraordinary receipts</b>	<b>–</b>	<b>466 511</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Lebowa Minerals trust abolition	–	466 511	–	–	–	–	–	–
<b>Total</b>	<b>133 611</b>	<b>657 538</b>	<b>268 305</b>	<b>198 120</b>	<b>199 875</b>	<b>203 132</b>	<b>209 234</b>	<b>215 519</b>

## Programme 1: Administration

### Expenditure estimates

**Table 28.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.9	0.8	1.1	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.6	0.2	–	1.3	1.4	1.5	1.6
Management	10.2	12.4	14.5	16.8	18.3	19.1	20.3
Corporate Services	99.8	118.5	155.3	176.4	180.9	199.5	211.6
Property Management	19.2	20.8	20.5	24.4	26.9	29.7	31.6
<b>Total</b>	<b>130.8</b>	<b>152.8</b>	<b>191.4</b>	<b>220.5</b>	<b>229.3</b>	<b>251.7</b>	<b>267.0</b>
Change to 2008 Budget estimate				11.0	(2.3)	(1.6)	(1.6)

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

Table 28.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>124.4</b>	<b>145.7</b>	<b>183.1</b>	<b>208.7</b>	<b>217.3</b>	<b>238.6</b>	<b>253.0</b>
Compensation of employees	45.6	50.7	68.9	84.0	93.5	104.8	111.1
Goods and services	78.7	94.9	108.6	124.7	123.8	133.8	142.0
of which:							
Administrative fees	0.6	1.7	0.4	25.4	26.9	29.7	33.0
Advertising	0.5	0.9	1.2	1.6	1.4	1.5	1.5
Assets less than R5 000	2.2	2.0	2.1	2.6	2.8	2.9	3.0
Audit costs: External	2.1	2.2	2.4	2.5	2.6	2.8	2.9
Bursaries (employees)	0.6	1.0	0.9	1.6	1.8	1.8	1.9
Catering: Departmental activities	–	1.3	1.4	1.5	1.4	1.5	1.6
Communication	5.6	6.1	6.5	1.7	5.8	7.1	7.4
Computer services	5.9	10.0	9.4	25.3	26.5	27.9	29.2
Consultants and professional services:	7.1	6.1	7.6	3.1	1.7	3.5	3.6
Business and advisory services							
Consultants and professional services:	0.8	0.7	1.5	2.1	0.9	0.9	1.0
Legal costs							
Contractors	0.7	2.5	7.9	7.7	7.0	7.2	7.5
Agency and support / outsourced services	–	0.3	–	4.0	4.8	5.0	5.3
Entertainment	1.0	0.2	–	0.2	0.2	0.2	0.2
Inventory: Stationery and printing	2.9	4.4	4.1	7.5	7.1	7.4	7.8
Lease payments	21.1	24.4	22.9	1.5	1.6	1.7	1.7
Owned and leasehold property expenditure	0.5	0.9	3.3	0.9	1.0	1.1	1.1
Travel and subsistence	19.9	23.5	25.4	23.2	18.1	18.8	19.6
Training and development	2.9	2.1	3.1	5.0	5.2	5.5	5.7
Operating expenditure	2.8	3.6	3.7	3.3	3.3	3.5	3.6
Venues and facilities	1.3	0.9	4.5	3.6	3.5	3.7	3.9
Financial transactions in assets and liabilities	0.0	0.1	5.6	–	–	–	–
<b>Transfers and subsidies</b>	<b>1.4</b>	<b>1.2</b>	<b>1.0</b>	<b>1.4</b>	<b>1.3</b>	<b>1.4</b>	<b>1.5</b>
Provinces and municipalities	0.1	0.0	0.0	–	–	–	–
Public corporations and private enterprises	0.1	–	–	–	–	–	–
Non-profit institutions	–	–	–	0.1	–	–	–
Households	1.1	1.1	1.0	1.3	1.3	1.4	1.5
<b>Payments for capital assets</b>	<b>5.1</b>	<b>5.9</b>	<b>7.4</b>	<b>10.4</b>	<b>10.7</b>	<b>11.6</b>	<b>12.5</b>
Machinery and equipment	4.0	5.5	5.2	8.9	9.2	10.1	10.9
Software and other intangible assets	1.1	0.1	2.2	1.5	1.5	1.6	1.7
Land and subsoil assets	–	0.2	–	–	–	–	–
<b>Total</b>	<b>130.8</b>	<b>152.8</b>	<b>191.4</b>	<b>220.5</b>	<b>229.3</b>	<b>251.7</b>	<b>267.0</b>

## Expenditure trends

Overall expenditure for the *Administration* programme increased from R130.8 million in 2005/06 to R220.5 million in 2008/09 at an average annual rate of 19 per cent. The increase is due to the restructuring of the department. As a result, expenditure on the *Corporate Services* subprogramme rose from R99.8 million in 2005/06 to R176.4 million in 2008/09 at an average annual rate of 20.9 per cent.

Expenditure is expected to rise over the MTEF period from R220.5 million in 2008/09 to an estimated R267 million in 2011/12 at an average annual rate of 6.6 per cent. Over the MTEF period, the major spending



items within the programme are travel and subsistence, transport, inventory, computer services and accommodation lease payments.

## Programme 2: Promotion of Mine Health and Safety

- *Governance Policy and Oversight* develops policy and legislation. Funding will mainly be used for compensation of employees and related expenditure on goods and services.
- *Mine Health and Safety (Regions)* is responsible for mine surveying, and legal and engineering expertise and inspections services at regional offices. Funding will mainly be used for compensation of employees and related expenditure on goods and services.

### Objectives and measures

- Contribute to the reduction of mining related deaths, injuries and ill health by:
  - reviewing the Mine Health and Safety Act (1996) along with supporting regulations, and aligning it with changes in the mining sector each year
  - monitoring compliance with mining safety and health standards by increasing mine inspections from 10 000 to 12 700 and conducting 700 audits each year.

### Service delivery and spending focus

Three new support units (the technical support unit, policy unit and support services unit) were established in April 2007 to strengthen the core functions of the Mine Health and Safety Inspectorate. The technical support unit will facilitate appeals in terms of section 20 of the Mine Health and Safety Act (1996) on the fitness of an employee in the mining sector to perform work, collate and disseminate results from occupational health and safety research, and analyse and benchmark occupational health and safety statistics. The policy unit will develop internal enforcement guidelines, review legislation, and conduct policy studies. The support services unit provides support, training and advice to small scale miners on mining health and safety issues and raises awareness on mine health and safety standards for mines. The final restructuring of the Mine Health and Safety Inspectorate, which will improve the department's ability to improve compliance with health and safety standards, was implemented in May 2007. This includes the services of the medical inspector to facilitate appeals against an employer's decision that an employee is unfit to perform work. The benefits include a simplified fines system, a stronger section for offences and penalties and more consistency with other legislation such as the Mineral Petroleum Resources Development Act (2002). The Mine Health and Safety Inspectorate is also empowered to grant health and safety permits.

23 learner inspectors (10 women and 13 men) have been appointed, and began their 2-year training internship at the Gold Fields Academy in August 2007. The department will fund 8 more engineering, surveying and mining bursaries, increasing the Mine Health and Safety Inspectorate's total number of bursary holders from the current 8 (5 women and 3 men) to 16, once new bursary holders have been selected.

### Expenditure estimates

**Table 28.5 Promotion of Mine Safety and Health**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Governance Policy and Oversight	38.5	52.7	36.3	50.2	51.6	57.6	61.1
Mine Health and Safety (Regions)	60.5	52.4	68.0	76.8	81.4	85.0	90.1
<b>Total</b>	<b>99.0</b>	<b>105.1</b>	<b>104.3</b>	<b>127.0</b>	<b>133.0</b>	<b>142.7</b>	<b>151.2</b>
Change to 2008 Budget estimate				(2.8)	(2.4)	(3.6)	(3.9)

Table 28.5 Promotion of Mine Safety and Health (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>94.3</b>	<b>100.2</b>	<b>99.5</b>	<b>121.6</b>	<b>127.5</b>	<b>136.9</b>	<b>145.0</b>
Compensation of employees	75.3	77.2	79.6	97.3	103.9	108.8	115.3
Goods and services	19.0	22.9	19.8	24.4	23.5	28.0	29.7
of which:							
Administrative fees	0.5	0.3	0.2	0.7	0.8	0.8	0.8
Advertising	0.5	0.5	1.2	0.5	0.6	0.6	0.6
Bursaries (employees)	0.1	0.0	0.5	0.5	0.5	0.5	0.5
Communication	1.1	1.1	1.0	1.1	1.1	1.6	1.7
Consultants and professional services: Business and advisory services	4.8	7.5	1.5	0.3	0.4	0.4	0.4
Agency and support / outsourced services	0.0	0.0	–	2.6	2.2	3.7	3.9
Travel and subsistence	10.8	12.4	13.0	15.4	14.6	16.8	17.9
Training and development	0.0	0.0	1.5	1.6	1.7	1.8	1.9
Operating expenditure	0.4	0.5	0.1	0.4	0.4	0.5	0.5
<b>Transfers and subsidies</b>	<b>4.4</b>	<b>4.8</b>	<b>4.8</b>	<b>4.9</b>	<b>5.1</b>	<b>5.4</b>	<b>5.7</b>
Provinces and municipalities	0.2	0.1	–	–	–	–	–
Departmental agencies and accounts	4.2	4.5	4.7	4.9	5.1	5.4	5.7
Households	–	0.3	0.1	–	–	–	–
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
Machinery and equipment	0.2	0.1	0.0	0.4	0.5	0.5	0.5
<b>Total</b>	<b>99.0</b>	<b>105.1</b>	<b>104.3</b>	<b>127.0</b>	<b>133.0</b>	<b>142.7</b>	<b>151.2</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>4.2</b>	<b>4.5</b>	<b>4.7</b>	<b>4.9</b>	<b>5.1</b>	<b>5.4</b>	<b>5.7</b>
Mine Health and Safety Council	4.2	4.5	4.7	4.9	5.1	5.4	5.7

## Expenditure trends

Expenditure increased from R99 million in 2005/06 to R127 million in 2008/09 at an average annual rate of 8.6 per cent. The increase relates to annual inflation and salary adjustments and the restructuring of the Mine Health and Safety Inspectorate. Compensation of employees increased from R75.3 million to R97.3 million between 2005/06 and 2008/09 at an average annual rate of 8.9 per cent. In 2008/09, compensation of employees accounted for 77 per cent of the programme's total annual expenditure, reflecting the labour intensive nature of many of the department's functions. These include mine surveying, engineering, and inspection and support functions.

Expenditure is projected to continue to rise over the MTEF period from R127 million in 2008/09 to an estimated R151.2 million in 2011/12, at an average annual rate of 6 per cent.

## Programme 3: Mineral Regulation

- *Management.* Funding will mainly be used for compensation of employees and related expenditure on goods and services.
- *Mineral Regulation and Administration* is responsible for the administration of prospecting and mining rights, licensing, and compliance with the Mineral and Petroleum Resources Development Act (2002), including mine environmental compliance. Funding will mainly be used for compensation of employees and related expenditure on goods and services.

## Objectives and measures

- Contribute to broad based black economic empowerment (BEE) and transformation in the minerals and mining sector by issuing 27 new mining rights a year to historically disadvantaged South Africans.
- Contribute to sustainable development in the minerals and mining sector by conducting 1 380 environmental compliance inspections and 140 charter inspections a year. (The target of the latter is lower than the previous year, but is more realistic because of the available capacity in the department to effectively conduct the inspections.)
- Promote investment and job creation in the minerals and mining sector by processing mining and prospecting rights applications within the specified timeframes.

## Service delivery and spending focus

The *Mineral Regulation* programme primarily processes applications for prospecting and mining rights to achieve economic transformation and sustainable development within the mining sector. The more applications that are processed, the more prospecting is able to happen. The department's national mining promotion system, implemented in 2005/06, will make processing more efficient. New applications are entered into the system at regional offices and spatial information is loaded before a decision to accept or reject an application can be taken. This ensures that new rights are not granted on existing rights. The mining titles office also validates new titles against information in the system before any rights are registered.

Promoting economic transformation within the sector is key to ensuring South Africans benefit from mining activities. By the end of March 2008, 12 844 prospecting and mining rights of the 15 884 applications received were accepted. Of the 12 844 accepted applications, 6 949 were processed. Of the 6 949 processed applications 4 529 were issued and 2 420 were refused. Of the 4 529 issued 3 893 were granted after financial provisioning for rehabilitation in terms of the Mineral and Petroleum Resources Development Act (2002).

The department is also committed to reducing government's environmental liability and minimising the pollution impact of the mining sector. It regulates the sector by encouraging compliance with sound environmental practices. In 2008/09, 407 environmental inspections were conducted against the planned 1 380. Of the 160 planned charter inspections, 34 were completed by July 2008. In both cases, the deviation between target and performance was because of a lack of capacity.

The department exceeded its target by issuing 42 new rights to historically disadvantaged individuals and 15 licences to women led companies by July 2008. The conversion of old order mining rights remains a challenge, mainly due to non-compliance with the Mining Charter, with only 24 per cent of applications received being finalised. This situation arose because the legislation does not empower the department to cancel existing mining rights in instances where there is non-compliance with the Mineral and Petroleum Resources Development Act (2002).

## Expenditure estimates

**Table 28.6 Mineral Regulation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	3.9	13.4	7.1	5.5	5.6	5.9	6.2
Mineral Regulation and Administration	80.1	115.9	130.7	156.6	162.4	180.3	191.1
<b>Total</b>	<b>84.0</b>	<b>129.3</b>	<b>137.8</b>	<b>162.1</b>	<b>168.1</b>	<b>186.2</b>	<b>197.3</b>
Change to 2008 Budget estimate				(5.0)	(4.6)	(4.5)	(4.8)

Table 28.6 Mineral Regulation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>83.9</b>	<b>128.2</b>	<b>136.9</b>	<b>162.1</b>	<b>168.1</b>	<b>186.2</b>	<b>197.3</b>
Compensation of employees	53.5	59.9	66.5	76.0	85.2	93.3	98.8
Goods and services	30.4	68.2	70.4	86.1	82.8	92.9	98.5
<i>of which:</i>							
Administrative fees	0.5	0.0	0.1	0.3	0.3	0.3	0.3
Advertising	0.7	7.5	13.4	14.1	12.5	13.1	13.8
Assets less than R5 000	0.6	1.3	0.1	0.4	0.4	0.4	0.4
Communication	3.5	3.8	4.5	3.5	3.7	3.9	4.1
Consultants and professional services: Business and advisory services	6.0	8.1	0.0	0.0	0.0	0.0	0.0
Consultants and professional services: Infrastructure and planning	4.2	34.8	35.1	53.9	52.5	59.0	63.1
Consultants and professional services: Legal costs	0.5	1.4	3.8	0.2	0.2	0.3	0.3
Lease payments	0.3	0.5	0.4	0.4	0.5	0.5	0.5
Travel and subsistence	11.4	9.5	11.6	9.9	9.2	11.6	12.1
Operating expenditure	0.7	0.3	0.1	0.8	0.8	0.9	0.9
Venues and facilities	0.3	0.5	0.6	1.2	1.3	1.3	1.4
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.9</b>	<b>0.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Households	–	0.8	0.9	–	–	–	–
<b>Payments for capital assets</b>	<b>–</b>	<b>0.3</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	–	0.3	0.0	–	–	–	–
<b>Total</b>	<b>84.0</b>	<b>129.3</b>	<b>137.8</b>	<b>162.1</b>	<b>168.1</b>	<b>186.2</b>	<b>197.3</b>

## Expenditure trends

Overall expenditure for the *Mineral Regulation* programme increased from R84 million in 2005/06 to an estimated R162.1 million in 2008/09 at an average annual rate of 24.5 per cent. The increase is due to the expansion of administrative and regulatory services as a result of the ongoing implementation of the Minerals and Petroleum Resources Development Act (2002).

Expenditure is projected to rise over the MTEF period from R162.1 million in 2008/09 to an estimated R197.3 million in 2011/12 at an average annual rate of 6.8 per cent, taking into account inflation and annual salary increases. Consulting services and contractors associated with the rehabilitation of derelict and ownerless mines account for an average annual 32 per cent of expenditure in the programme. Expenditure on goods and services over the medium term is projected to grow at an average annual rate of 4.6 per cent, from R86.1 million in 2008/09 to R98.5 million 2011/12.

## Programme 4: Mineral Policy and Promotion

- *Management.*
- *Mineral Policy* develops new policies, reviews existing policies and amends legislation to achieve transformation in the minerals and mining industry.
- *Mineral Promotion* promotes mineral development and provides advice on trends in the mining industry to attract investment.

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

## Objectives and measures

- Promote South Africa's mining and mineral industry to attract investment across the commodities value chain by:
  - disseminating meaningful information on the South African mining industry to prospective investors and industry stakeholders by producing 23 publications in 2009/10, 28 in 2010/11 and 28 in 2011/12
  - participating in at least 11 exhibitions and local and international conferences per year over the MTEF period
  - establishing and supporting 144 small scale mining and minerals beneficiation projects by assisting them with business plans, marketing strategies, product development and positioning by 2011/12
  - promulgating the amended Minerals and Petroleum Resource Development Act (2002) and assessing the socioeconomic impact of the Mining Charter by 2009/10.

## Service delivery and spending focus

The South African Diamonds and Precious Metals Regulator and the State Diamond Trader were launched in February 2008. An average of 20 enquiries per week were received about diamond cutting and polishing projects, indicating an increased awareness of the benefits of minerals beneficiation, partly as a result of the department's promotional efforts. The Mineral and Petroleum Resources Development Amendment Bill was approved by the National Council of Provinces in October 2008 and aims to align the act with the provisions of the National Environmental Management Act (1998), to promote sound environmental practices in the mining sector.

The Department of Minerals and Energy has continued to support the small, medium and micro enterprise (SMME) sector through small scale mining and beneficiation projects. In 2007/08, 38 SMMEs were given financial and technical assistance. Feasibility studies were concluded for 16 viable beneficiation projects, including the Olifantsfontein jewellery cluster, a public private partnership project. The cluster will comprise a profit driven jewellery design and manufacturing facility, internship training for postgraduates, and an incubation system for SMME development. The cluster will provide a secure environment with the necessary infrastructure and technical support, where trainees and SMMEs will benefit from the centralised services.

In support of its mine rehabilitation efforts, the department has developed two draft strategies: the first is for the management of derelict and ownerless mines, which includes an implementation plan; the second outlines the process and conditions for mine closures in the gold mining areas of the Witwatersrand and Klerksdorp, Orkney, Stilfontein and Hartbeesfontein.

## Expenditure estimates

**Table 28.7 Mineral Policy and Promotion**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	4.8	7.6	5.3	7.2	5.4	5.8	6.1
Mineral Policy	47.5	23.7	20.4	5.9	8.4	9.1	9.6
Mineral Promotion	32.0	44.0	47.8	51.9	48.5	52.2	55.4
<b>Total</b>	<b>84.3</b>	<b>75.3</b>	<b>73.6</b>	<b>64.9</b>	<b>62.4</b>	<b>67.1</b>	<b>71.0</b>
Change to 2008 Budget estimate				7.4	2.2	2.3	2.4

Table 28.7 Mineral Policy and Promotion (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>17.9</b>	<b>31.5</b>	<b>35.1</b>	<b>40.9</b>	<b>37.3</b>	<b>40.9</b>	<b>43.2</b>
Compensation of employees	15.6	20.0	22.1	24.2	29.3	31.0	32.7
Goods and services	2.3	11.4	13.0	16.7	8.0	9.9	10.5
<i>of which:</i>							
Advertising	–	0.7	0.4	0.3	0.2	0.2	0.3
Communication	0.3	0.2	0.2	0.6	0.7	0.7	0.8
Computer services	–	–	0.1	1.7	0.0	0.0	0.0
Consultants and professional services: Business and advisory services	0.7	3.0	3.0	2.0	0.2	0.2	0.2
Contractors	0.0	0.1	0.0	2.9	0.0	0.0	0.0
Agency and support / outsourced services	–	0.0	–	0.6	0.5	0.5	0.6
Inventory: Learner and teacher support material	–	–	–	0.2	0.2	0.2	0.2
Inventory: Stationery and printing	0.0	0.1	0.3	1.1	1.2	1.3	1.4
Lease payments	0.0	0.0	0.0	1.0	–	–	–
Travel and subsistence	0.9	4.9	6.4	3.5	2.4	4.0	4.3
Training and development	0.0	–	0.0	0.3	0.3	0.3	0.4
Venues and facilities	0.1	1.4	1.4	1.2	0.7	0.8	0.8
<b>Transfers and subsidies</b>	<b>66.3</b>	<b>43.8</b>	<b>38.5</b>	<b>24.0</b>	<b>25.1</b>	<b>26.2</b>	<b>27.8</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	44.3	31.1	30.9	–	–	–	–
Public corporations and private enterprises	22.0	12.7	7.5	24.0	25.1	26.2	27.8
Households	–	0.1	0.1	–	–	–	–
<b>Payments for capital assets</b>	<b>–</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	–	0.0	0.0	–	–	–	–
<b>Total</b>	<b>84.3</b>	<b>75.3</b>	<b>73.6</b>	<b>64.9</b>	<b>62.4</b>	<b>67.1</b>	<b>71.0</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>44.3</b>	<b>31.1</b>	<b>30.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Council for Geoscience: Unsafe shafts and holdings	15.6	–	–	–	–	–	–
Council for Geoscience: Mine environmental research and development	8.1	9.3	8.0	–	–	–	–
Council for Geoscience: Small scale mining	20.6	21.8	22.9	–	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>24.0</b>	<b>25.1</b>	<b>26.2</b>	<b>27.8</b>
Industrial Development Corporation of South Africa: Small scale mining	–	–	–	24.0	25.1	26.2	27.8
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>22.0</b>	<b>10.7</b>	<b>7.5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Council for Science and Industrial Research: Mine environmental research and development	14.0	5.3	3.8	–	–	–	–
Council for Mineral Technology Research: Mine environmental research and development	8.0	5.4	3.7	–	–	–	–

## Expenditure trends

Overall expenditure for the *Mineral Policy and Promotion* programme decreased at an average annual rate of 8.3 per cent from R84.3 million in 2005/06 to R65 million in 2008/09. The higher expenditure in 2005/06 of R84.3 million was due to funds being shifted from the *Minerals Regulation* programme to the *Mineral Policy and Promotion* programme to cater for a three-year mine environmental research and development project. The project was subsequently completed in 2007/08, with a resultant decrease in expenditure in 2008/09.

Expenditure is projected to grow over the MTEF period from R65 million in 2008/09 to an estimated R71 million in 2011/12, at an average annual rate of 3 per cent, in line with inflationary increases.

## Programme 5: Hydrocarbons and Energy Planning

- *Hydrocarbons and Energy Planning Management* provides overall management of the programme.
- *Energy Planning* promotes the sustainable use of energy resources through integrated energy planning.
- *Hydrocarbons* develops policies and regulations to manage the petroleum, coal, and natural gas sectors. The Controller of Petroleum Products administers and issues petroleum licenses, and monitors and enforces license conditions.

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

## Objectives and measures

- Ensure sustainable supply and demand of energy, while taking into account macroeconomic factors, environmental considerations and energy infrastructural development, by developing the integrated energy plan by March 2011.
- Improve the security of energy supply by fostering investments in storage for liquid fuels through the development of the strategic stocks policy by March 2009.
- Promote gas as an alternative source of energy in South Africa by developing a pricing policy and licensing regulations for the supply and distribution of liquid petroleum gas by October 2009, which will enable fuel switching as a demand management mechanism for electricity.
- Encourage research and development for energy related technologies with a key focus on energy efficiency and mitigation of greenhouse gases by establishing the South African National Energy Development Institute by September 2009.
- Ensure access to affordable energy sources and services by increasing the number of operational integrated energy centres from 6 to 9 before March 2010.
- Strengthen the regulatory framework in the petroleum products industry by ringfencing regulated products by implementing the regulatory accounting system before March 2010.
- Create an enabling environment for the diversification of fuel sources by developing and implementing a predictable and stable regulatory regime by introducing maximum pricing for petrol, diesel, paraffin, liquid petroleum gas and biofuels revised magisterial district zones by December 2009.
- Improve the security of energy supply through integrated planning by developing and implementing a national integrated energy modelling system by March 2011.

## Service delivery and spending focus

The National Energy Act (2008) represents a major step towards improving integrated planning and energy efficient utilisation and promoting investment in the sector. The act provides for integrated planning with the energy sector. The department aims to improve its modelling and analytical capacity by implementing a national integrated energy modelling system. Over the past year, work has been done on calibrating the national integrated energy modelling system and building specialised skills in the field of energy modelling. Information from the system will be collated, consolidated and published as the first integrated energy plan by the end of 2010/11.



Implementation of the 2007 energy security master plan for liquid fuels has started. As part of the inception process, a project inception report has been approved by all relevant stakeholders. The report will guide the industry's implementation of the master plan for liquid fuels. Over the medium term, the department will develop a number of enabling policies including the security of supply strategy, and a regulatory accounting framework for the industry.

Effective petroleum licensing system is a prerequisite for the department to effectively regulate prices along with health, safety and environmental compliance with the petroleum sector. The Petroleum Products Amendment Act (2003) requires licensees to pay licence application and annual licence renewal fees, including amendment fees, for all licence types. Approximately 13 800 applications have been received, and approximately 7 500 processed. Data from the petroleum product licensing system has been used as a benchmark to estimate the revenue to be collected by the end of 2008/09: R8.6 million for application and renewal fees from previous years and about R3.7 million as annual fees. This amount is envisaged to remain constant for the foreseeable future.

The Ratlou Integrated Energy Centre was launched in August 2008 in Makgobistad, North West. It is aimed at providing access to energy sources and other basic services to surrounding villages. Petroleum products are sourced directly from the oil company, thus cutting intermediary costs. 5 new integrated energy centres are at different stages of development.

Since the approval of the biofuels industrial strategy in December 2007, the department has developed a licensing criteria framework for prospective licensees. The first biofuels licence was issued during 2008. A financing mechanism to promote the production of biofuels will also be finalised in 2009/10.

## Expenditure estimates

**Table 28.8 Hydrocarbons and Energy Planning**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Hydrocarbons and Energy Planning Management	3.7	4.8	5.2	4.6	4.5	4.7	4.9
Energy Planning	5.7	6.5	8.7	10.6	14.9	17.9	18.9
Hydrocarbons	11.1	19.9	21.8	30.7	35.9	38.0	40.2
<b>Total</b>	<b>20.6</b>	<b>31.2</b>	<b>35.6</b>	<b>45.9</b>	<b>55.3</b>	<b>60.5</b>	<b>64.1</b>
Change to 2008 Budget estimate				(19.2)	(17.6)	(0.3)	(0.3)
<b>Economic classification</b>							
<b>Current payments</b>	<b>20.5</b>	<b>30.8</b>	<b>35.6</b>	<b>45.9</b>	<b>55.3</b>	<b>60.5</b>	<b>64.1</b>
Compensation of employees	10.2	14.1	20.4	34.5	47.0	50.9	53.9
Goods and services	10.3	16.6	15.2	11.5	8.3	9.6	10.2
of which:							
Administrative fees	0.2	0.2	0.1	0.0	0.0	0.0	0.0
Advertising	0.4	0.4	0.4	0.6	0.3	0.6	0.7
Communication	0.1	0.1	0.3	0.4	0.4	0.4	0.4
Consultants and professional services: Business and advisory services	4.7	9.2	2.3	0.9	0.8	0.9	1.0
Consultants and professional services: Infrastructure and planning	–	–	0.9	0.8	0.7	0.9	1.0
Consultants and professional services: Legal costs	–	–	–	–	0.8	0.9	0.9
Agency and support / outsourced services	0.0	0.0	–	1.9	0.8	1.2	1.2
Travel and subsistence	3.4	5.4	6.0	3.6	1.6	1.6	1.8
Operating expenditure	1.0	0.6	4.0	0.6	0.7	0.7	0.7
Venues and facilities	0.1	0.4	0.8	1.2	0.8	0.9	0.9
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Households	–	–	0.0	–	–	–	–
<b>Payments for capital assets</b>	<b>–</b>	<b>0.4</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	–	0.4	0.0	–	–	–	–
<b>Total</b>	<b>20.6</b>	<b>31.2</b>	<b>35.6</b>	<b>45.9</b>	<b>55.3</b>	<b>60.5</b>	<b>64.1</b>

## Expenditure trends

Overall expenditure for the *Hydrocarbons and Energy Planning* programme increased from R20.6 million in 2005/06 to R45.9 million in 2008/09 at an average annual rate of 30.7 per cent. The increase can be attributed to the restructuring of the programme in order to implement the Petroleum Products Amendment Act (2003). The consequent expansion of the petroleum and gas operations directorate to include the Petroleum Controller to issue licences for the liquid fuels industry resulted in increased expenditure in compensation of employees between 2005/06 and 2008/09, at an average annual rate of 50 per cent.

Expenditure is projected to continue to increase over the MTEF period, from R45.9 million in 2008/09 to R64.1 million in 2011/12, at an average annual rate of 11.8 per cent. This increase is driven by rising expenditure on compensation of employees, which grows at an average annual rate of 16.1 per cent over the MTEF period, as the *Energy Planning* subprogramme builds human resource capacity for implementation of the National Energy Act (2008).

## Programme 6: Electricity, Nuclear and Clean Energy

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

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

## Objectives and measures

- Ensure a well managed, efficient, safe and cost effective electricity and nuclear industry by:
  - implementing the nuclear energy policy over the MTEF period
  - developing and implementing a demand side management policy to save at least 1.5 TWh of electricity per year by 2010
  - regulating the security of nuclear material and facilities to reduce unauthorised access.
- Increase access to electricity by monitoring the implementation of the integrated national electrification programme, which will connect 3.2 million households by 2012.
- Facilitate the implementation of new and renewable energy technologies to meet the 2013 target of 10 000 GWh generation from clean energy sources by promoting the role of renewables in the overall energy mix
- Implement the renewable energy strategies by providing increased support through the renewable energy finance and subsidy scheme to at least four projects in 2009/10.

## Service delivery and spending focus

As part of implementing the energy security master plan for electricity, the Department of Minerals and Energy developed a power conservation plan in March 2008 to deal with the electricity supply challenges. An external programme management unit was established to assist with various interventions in 2008. The unit houses all projects implemented under the power conservation plan, and monitors progress, challenges and corrective action.

The department has issued 30 authorisations related to nuclear material and equipment. The design basis threat document is used as a minimum security standard for nuclear installations and nuclear material to limit sabotage attempts and the removal of nuclear material. The International Atomic Energy Agency provided several

nuclear security training workshops in consultation with the department in 2008, increasing nuclear safety awareness.

In 2007/08, the Designated National Authority received and reviewed 40 clean development mechanism project proposals, of which 13 were registered with the clean development mechanism executive board. The projects have the potential to reduce emissions by the equivalent of 43 631 mega tonnes of carbon dioxide per year and provide 221 MW to the energy efficiency target. In 2008/09, 90 clean development mechanism projects were reviewed by the Designated National Authority, of which 15 have been registered.

The national energy efficiency strategy was published in 2005, targeting savings of 24.8 petajoules by 2008. Savings of 12.1 petajoules from completed projects were achieved by 2007. Projects in the pipeline will provide additional savings of 59 petajoules over the MTEF period.

In 2007/08, the renewable energy finance and subsidy office subsidised 4 projects amounting to R3.6 million with a total capacity of 9.6 MW. In 2008/09, the office subsidised a capacity of 14.3 MW, and it is projected that an estimated installed capacity of 20 MW will be subsidised in 2009/10.

The Department of Minerals and Energy aims to introduce tradable renewable energy certificates to provide an additional, market based revenue stream to renewable energy project developers. The national tradable renewable energy committee team was formed to facilitate establishing an issuing body for these certificates.

## Expenditure estimates

**Table 28.9 Electricity, Nuclear and Clean Energy**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Electricity and Nuclear Management	3.9	4.4	5.1	4.7	6.2	6.4	6.8
Electricity	59.7	41.8	53.6	41.8	36.5	54.7	58.2
Nuclear	7.7	9.7	11.1	18.2	17.2	18.1	19.0
Clean Energy	10.8	9.2	16.8	196.7	278.4	378.9	479.9
<b>Total</b>	<b>82.1</b>	<b>65.0</b>	<b>86.7</b>	<b>261.4</b>	<b>338.4</b>	<b>458.0</b>	<b>563.9</b>
Change to 2008 Budget estimate				199.4	274.3	356.3	456.0

### Economic classification

	76.9	64.6	83.3	75.1	73.2	93.2	98.7
<b>Current payments</b>							
Compensation of employees	16.8	24.1	33.1	33.1	35.3	37.3	39.5
Goods and services	60.0	40.6	50.2	41.9	37.9	55.9	59.2
of which:							
Administrative fees	0.3	0.4	0.4	0.1	6.8	7.1	7.4
Advertising	0.5	1.3	1.7	1.6	1.1	1.1	1.2
Catering: Departmental activities	0.0	0.4	0.4	0.6	0.1	0.1	0.1
Communication	0.4	0.4	0.4	0.4	0.3	0.4	0.4
Computer services	0.0	–	–	2.3	0.1	0.1	0.1
Consultants and professional services: Business and advisory services	44.5	22.2	25.4	4.4	0.3	16.6	18.2
Consultants and professional services: Infrastructure and planning	–	–	–	6.8	5.3	5.4	5.7
Agency and support / outsourced services	–	–	–	4.5	7.1	7.5	7.8
Travel and subsistence	7.3	9.2	10.9	9.0	6.1	6.3	6.6
Training and development	0.0	–	0.2	0.3	0.5	0.5	0.5
Operating expenditure	4.5	5.5	7.0	9.3	8.5	9.0	9.4
Venues and facilities	1.8	0.8	3.4	2.1	1.4	1.5	1.6

Table 28.9 Electricity, Nuclear and Clean Energy (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>5.2</b>	<b>0.3</b>	<b>3.3</b>	<b>185.5</b>	<b>265.2</b>	<b>364.9</b>	<b>465.1</b>
Provinces and municipalities	0.0	0.0	–	–	175.0	220.0	280.0
Departmental agencies and accounts	5.0	–	–	–	–	–	–
Public corporations and private enterprises	0.2	0.3	3.3	185.5	90.2	144.9	185.1
Households	–	–	0.0	0.0	–	–	–
<b>Payments for capital assets</b>	<b>–</b>	<b>0.1</b>	<b>–</b>	<b>0.8</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	–	0.1	–	–	–	–	–
Land and subsoil assets	–	–	–	0.8	–	–	–
<b>Total</b>	<b>82.1</b>	<b>65.0</b>	<b>86.7</b>	<b>261.4</b>	<b>338.4</b>	<b>458.0</b>	<b>563.9</b>

## Details of selected transfers and subsidies

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	–	–	–	–	<b>175.0</b>	<b>220.0</b>	<b>280.0</b>
Electricity Demand Side Management	–	–	–	–	175.0	220.0	280.0
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>5.0</b>	–	–	–	–	–	–
Electricity Distribution Industry Holdings Company	5.0	–	–	–	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Capital</b>	–	–	–	<b>180.0</b>	<b>74.5</b>	<b>108.9</b>	<b>118.8</b>
National energy efficiency and demand side management (Eskom) grant	–	–	–	180.0	74.5	108.9	118.8
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Current</b>	–	<b>0.3</b>	<b>3.3</b>	<b>5.4</b>	<b>15.7</b>	<b>36.0</b>	<b>66.3</b>
Renewable energy subsidy scheme	–	0.3	3.3	–	–	–	–
Renewable energy subsidy scheme	–	–	–	5.4	10.7	21.0	41.3
Renewable energy: Working for energy	–	–	–	–	5.0	15.0	25.0
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	–	–	<b>0.0</b>	<b>0.0</b>	–	–	–
Gifts and donations	–	–	0.0	0.0	–	–	–

## Expenditure trends

Overall expenditure for the *Electricity, Nuclear and Clean Energy* programme increased from R82.1 million in 2005/06 to R261.4 million in 2008/09 at an average annual rate of 47.1 per cent. The substantive increase is due to R180 million allocated in 2008/09 in the *Clean Energy* subprogramme to cover costs related to the electricity demand side management project. The funds are earmarked for transfer to Eskom to implement the rollout of compact fluorescent light bulbs.

Expenditure is projected to continue to rise over the MTEF period from R261.4 million in 2008/09 to an estimated R563.9 million in 2011/12, at an average annual rate of 29.2 per cent. The expected growth in expenditure in this programme relates to additional funding of R260 million in 2009/10, R55 million in 2010/11 and R45 million in 2011/12 for the demand side management project, the renewable energy subsidy scheme and the Working for Energy project.

## Programme 7: Associated Services

- *The Council for Mineral Technology and Research* provides research, development and technology that foster the development of businesses in the mineral and mineral products industries.
- *The Nuclear Energy Corporation of South Africa* is mandated to undertake and promote research and development in the field of nuclear energy and radiation science, and is also responsible for various institutional obligations on behalf of the state.
- *The National Nuclear Regulator* provides for the protection of persons, property and the environment against nuclear damage, by establishing safety standards and regulatory practices.
- *The Council for Geoscience* is a national agency tasked with the systematic development and maintenance of the national geosciences knowledge infrastructure for both the onshore (land) and offshore (oceans) environments.
- *The Electricity Distribution Industry Holdings* company's sole purpose is restructuring the electricity distribution industry as outlined in the 1998 White Paper on Energy Policy. It is expected to restructure the existing electricity distribution entities into six financially viable regional electricity distribution companies.
- *The Integrated National Electrification Programme* manages the electrification planning, funding and implementation process with the aim of addressing the electrification backlog to increase access to electricity.
- *Assistance to Mines* aims to prevent the uncontrollable movement of water in and out of underground mine openings or holdings in the Witwatersrand area by providing pumping subsidies to marginal mines and to undertake research to develop and implement strategic solutions for mine water management, including contaminated water.
- *The South African Diamond and Precious Metals Regulator* is responsible for issuing licences and permits to trade in diamonds, gold and platinum, and for monitoring related activities in the sector.

## Expenditure estimates

**Table 28.10 Associated Services**

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate			
	2005/06	2006/07	2007/08	appropriation	2008/09	2009/10	2010/11	2011/12
R million								
Council for Mineral Technology Research	108.9	118.7	124.6	135.8	155.4	162.1	171.0	
South African Nuclear Energy Corporation	256.8	356.4	388.3	554.7	564.1	595.4	628.1	
National Nuclear Regulator	5.4	14.7	18.0	20.3	23.8	25.0	18.6	
Council for Geoscience	86.1	93.1	122.6	122.7	129.5	135.4	105.4	
Electricity Distribution Industry Holdings Company	59.2	62.8	65.9	69.3	72.2	75.6	58.5	
National Electrification Programme	1 139.2	1 365.9	1 554.5	1 920.4	2 633.3	2 860.1	3 062.9	
Assistance to Mines	35.2	37.3	24.1	41.2	43.1	45.5	47.9	
South African Diamond and Precious Metals Regulator	–	–	20.0	40.0	39.4	41.4	32.0	
<b>Total</b>	<b>1 690.8</b>	<b>2 048.9</b>	<b>2 318.0</b>	<b>2 904.4</b>	<b>3 660.8</b>	<b>3 940.3</b>	<b>4 124.5</b>	
Change to 2008 Budget estimate				–	79.4	168.6	223.3	

### Economic classification

	1 690.8	2 048.9	2 318.0	2 904.4	3 660.8	3 940.3	4 124.5
<b>Transfers and subsidies</b>							
Provinces and municipalities	297.5	390.7	462.5	595.6	933.0	1 020.1	1 096.6
Departmental agencies and accounts	150.7	170.6	226.6	252.3	264.9	277.3	214.5
Public corporations and private enterprises	1 242.6	1 487.5	1 629.0	2 056.5	2 462.9	2 642.9	2 813.3
<b>Total</b>	<b>1 690.8</b>	<b>2 048.9</b>	<b>2 318.0</b>	<b>2 904.4</b>	<b>3 660.8</b>	<b>3 940.3</b>	<b>4 124.5</b>

Table 28.10 Associated Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Capital</b>	<b>297.5</b>	<b>390.7</b>	<b>462.5</b>	<b>595.6</b>	<b>933.0</b>	<b>1 020.1</b>	<b>1 096.6</b>
Integrated national electrification programme grant	297.5	390.7	462.5	595.6	933.0	1 020.1	1 096.6
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>140.2</b>	<b>159.7</b>	<b>215.3</b>	<b>240.4</b>	<b>248.7</b>	<b>261.0</b>	<b>200.3</b>
Council for Geoscience	76.8	83.3	112.3	111.8	114.6	120.3	92.2
Electricity Distribution Industry Holdings Company	58.5	62.4	65.5	68.8	71.8	75.1	58.1
National Nuclear Regulator	4.9	14.1	17.4	19.7	22.9	24.1	17.9
South African Diamond and Precious Metals Regulator	–	–	20.0	40.0	39.4	41.4	32.0
<b>Capital</b>	<b>10.5</b>	<b>10.9</b>	<b>11.3</b>	<b>11.9</b>	<b>16.2</b>	<b>16.4</b>	<b>14.3</b>
Council for Geoscience	9.3	9.8	10.3	10.8	14.9	15.0	13.1
Electricity Distribution Industry Holdings Company	0.7	0.4	0.4	0.4	0.5	0.5	0.4
National Nuclear Regulator	0.5	0.7	0.6	0.6	0.9	0.9	0.8
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>249.7</b>	<b>312.5</b>	<b>379.3</b>	<b>545.4</b>	<b>551.3</b>	<b>582.4</b>	<b>613.9</b>
Nuclear Energy Corporation of South Africa: Activities	208.6	261.2	277.5	438.6	447.3	473.1	498.7
Nuclear Energy Corporation of South Africa: Decommissioning Projects	20.1	24.4	78.0	81.9	78.8	82.8	87.3
Nuclear Energy Corporation of South Africa: SAFARI reactor conversion	12.0	15.4	13.6	14.2	14.4	15.1	16.0
Nuclear Energy Corporation of South Africa: Security	9.0	11.5	10.2	10.7	10.8	11.3	12.0
<b>Capital</b>	<b>790.5</b>	<b>937.0</b>	<b>1 027.0</b>	<b>1 250.1</b>	<b>1 629.1</b>	<b>1 764.7</b>	<b>1 887.6</b>
Eskom: Integrated national electrification programme	783.5	893.2	973.1	1 150.8	1 467.4	1 751.8	1 873.4
Nuclear Energy Corporation of South Africa: Activities	5.5	39.0	6.9	7.2	9.9	10.0	11.0
Nuclear Energy Corporation of South Africa: Decommissioning projects	1.6	4.9	2.0	2.1	2.9	2.9	3.2
Eskom: Integrated national electrification programme (backlogs)	–	–	45.0	90.0	149.0	–	–
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>133.5</b>	<b>144.8</b>	<b>136.9</b>	<b>164.6</b>	<b>181.4</b>	<b>190.3</b>	<b>204.5</b>
Assistance to Mines	35.2	37.3	24.1	41.2	43.1	45.5	47.9
Council for Mineral Technology and Research	98.3	107.4	112.8	123.4	138.3	144.9	156.6
<b>Capital</b>	<b>68.8</b>	<b>93.3</b>	<b>85.7</b>	<b>96.4</b>	<b>101.0</b>	<b>105.4</b>	<b>107.3</b>
Council for Mineral Technology and Research	10.6	11.2	11.8	12.4	17.0	17.2	14.3
Integrated national electrification programme: Non-grid electrification service providers	58.2	82.0	73.9	84.0	84.0	88.2	93.0

## Expenditure trends

Overall expenditure for the *Associated Services* programme increased from R1.7 billion in 2005/06 to R2.9 billion in 2008/09 at an average annual rate of 19.8 per cent. Expenditure is mostly in the form of transfers and subsidies to municipalities and departmental agencies. The increase between 2005/06 and 2008/09 was due



to the integrated national electrification programme for the rehabilitation of electricity infrastructure and new connections. Transfers to the programme grew from R1.1 billion in 2005/06 to R1.9 billion in 2008/09. Other factors influencing this increase include inflation adjustments for capital and additional allocations to the South African Nuclear Energy Corporation of R256.7 million over the MTEF period, growing expenditure from R554.7 million in 2008/09 to R628.1 million in 2011/12.

Expenditure continues to increase over the MTEF period, from R2.9 billion in 2008/09 to an estimated R4.1 billion in 2011/12, at an average annual rate of 12.4 per cent. Transfer payments to Eskom are projected to rise from R1.2 billion in 2008/09 to R1.9 billion in 2011/12. Transfer payments to municipalities are also projected to grow from R595.6 million in 2008/09 to an estimated R1.1 billion in 2011/12, reflecting the urgency to meet the electrification targets.

## Public entities

### Council for Mineral Technology and Research

#### Strategic overview: 2005/06 – 2011/12

The ongoing development and application of innovative and knowledge intensive technologies is essential to socioeconomic growth. The Council for Mineral Technology and Research develops technologies aimed at strengthening the competitiveness of the traditional mineral processing cluster and fostering new opportunities.

Over the MTEF period, the council will focus on:

- **Improved investment in the undergraduate and graduate bursary programmes and rigorous human resource development:** the council's capacity is being constrained by the high turnover of experienced scientists and engineers, who move to higher paying positions in the private sector due to the commodities boom. The salaries of these professionals are being adjusted to close the gap and the council has initiated a programme to recruit a small number of experienced engineers from abroad. The council aims to reach a professional staff turnover rate of 16 per cent or less in 2009/10.
- **Uranium research and development:** following the upswing in the uranium market, the council has re-established itself as one of the foremost uranium laboratories in the country. Systematic research is carried out on the processing of different types of uranium mineralisation found in South Africa to provide enabling technology for the beneficiation of these deposits.
- **Titanium research and development:** there is a growing need and pressure to establish a South African titanium industry. Developing key primary and downstream technologies will enable a competitive world scale titanium metal industry to be established concurrently, allowing South Africa to capture the benefits of an emerging international light metals industry.

#### Selected performance and operations indicators

**Table 28.11 Council for Mineral Technology and Research**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of new or improved technologies developed each year	1	4	5	5	5	6	6
Number of new or improved products and services developed each year	4	11	16	13	14	14	15
Number of demonstrations for council products and technologies each year	6	3	5	2	3	3	6
Number of water and energy efficient flow sheets developed each year	–	–	–	1	2	1	2
Number of junior resource companies supported each year	12	13	40	22	25	28	40
Number of technologies relevant to SMMEs developed each year	2	2	2	2	2	3	3
Number of bursaries granted each year	75	78	80	85	85	90	90
Number of trainees employed each year	41	50	41	46	53	58	58
Number of interns each year	7	15	5	8	12	15	15
Number of strategies developed to support regional development each year	12	4	6	5	5	6	7



## Service delivery and spending focus

South Africa and other resource rich African countries will only benefit from the strong global demand for commodities if raw material extraction is channelled into sustainable economic activity. Such favourable conditions increase the need for core funding for research and for people development to generate innovations in mineral processing that will put South Africa in a position both to supply commodity demands as well as to beneficiate raw materials, as called for by the Department of Minerals and Energy.

The Council for Mineral Technology and Research continues to build capacity in the mining sector. In 2007/08, the council granted 80 bursaries, and employed 41 trainees and 5 interns. Through its research and development programmes, it supported 40 junior resource companies. A recent Department of Science and Technology survey concluded that the council was an excellent point of contact with university based centres of excellence and showed that cooperation between the council and universities is a viable and affordable way of doing cutting edge research.

In 2007/08, the council carried out research on recovering platinum group metals from effluent streams and on the technology for separating platinum and palladium from other platinum group metals in 2007/08. The council is also a centre of excellence in cyanide monitoring: extensive work is being done on cyanide monitoring in gold plants in Africa, and the new cynroprobe instrument for measuring cyanide concentrations in gold plant and environmental samples has been rapidly accepted by the industry.

## Expenditure estimates

**Table 28.12 Council for Mineral Technology and Research: Project information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Develop efficient mineral processing technologies and sustainable value added products and services	130.6	202.9	199.5	239.4	263.3	289.6	318.6
Second economy interventions	9.0	13.9	13.7	17.5	19.2	21.2	23.3
Support regional interventions	8.2	12.8	12.6	9.0	9.9	10.9	11.9
Human and organisational development	15.3	23.7	23.3	17.5	19.3	21.2	23.3
Quality, Environment and Safety	1.1	1.7	1.7	2.0	2.2	2.4	2.6
Other projects	118.3	83.7	128.5	70.0	81.7	88.2	104.9
<b>Total expense</b>	<b>282.3</b>	<b>338.8</b>	<b>379.2</b>	<b>355.3</b>	<b>395.6</b>	<b>433.4</b>	<b>484.6</b>

**Table 28.13 Council for Mineral Technology and Research: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>191.6</b>	<b>247.7</b>	<b>276.6</b>	<b>286.1</b>	<b>307.3</b>	<b>303.6</b>	<b>300.0</b>
Sale of goods and services other than capital assets	161.8	200.4	244.9	260.6	287.2	282.2	277.2
of which:							
Sales by market establishments	161.8	200.4	244.9	260.6	287.2	282.2	277.2
Other non-tax revenue	29.8	47.3	31.7	25.6	20.1	21.4	22.9
<b>Transfers received</b>	<b>95.5</b>	<b>104.1</b>	<b>118.1</b>	<b>135.8</b>	<b>155.4</b>	<b>162.1</b>	<b>171.0</b>
<b>Total revenue</b>	<b>287.1</b>	<b>351.8</b>	<b>394.7</b>	<b>422.0</b>	<b>462.6</b>	<b>465.7</b>	<b>471.0</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>269.5</b>	<b>327.5</b>	<b>357.1</b>	<b>355.3</b>	<b>395.6</b>	<b>433.4</b>	<b>484.6</b>
Compensation of employees	156.4	196.5	214.2	213.3	234.4	257.8	283.6
Goods and services	102.2	112.7	127.3	126.4	142.9	156.7	181.1
Depreciation	10.6	14.9	15.3	15.5	18.0	18.6	19.7
Interest, dividends and rent on land	0.3	3.4	0.2	0.2	0.3	0.3	0.3
<b>Transfers and subsidies</b>	<b>12.8</b>	<b>4.9</b>	<b>21.1</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total expenses</b>	<b>282.3</b>	<b>338.8</b>	<b>379.2</b>	<b>355.3</b>	<b>395.6</b>	<b>433.4</b>	<b>484.6</b>
<b>Surplus / (Deficit)</b>	<b>4.8</b>	<b>13.0</b>	<b>15.5</b>	<b>66.6</b>	<b>67.1</b>	<b>32.2</b>	<b>(13.6)</b>

**Table 28.13 Council for Mineral Technology and Research: Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial position</b>							
Carrying value of assets	147.1	155.8	210.1	216.7	223.7	235.1	250.4
of which: Acquisition of assets	21.8	19.3	19.5	22.1	25.0	30.0	35.0
Investments	115.1	89.5	96.6	96.6	105.0	15.5	25.5
Inventory	2.7	3.3	2.9	2.9	2.5	2.5	2.5
Loans	1.2	25.1	4.2	–	–	–	–
Receivables and prepayments	46.5	84.2	105.4	90.0	90.0	90.0	90.0
Cash and cash equivalents	30.9	30.5	49.0	127.4	198.2	224.1	185.1
Assets not classified elsewhere	4.1	–	–	–	–	–	–
<b>Total assets</b>	<b>347.7</b>	<b>388.4</b>	<b>468.2</b>	<b>533.6</b>	<b>619.5</b>	<b>567.2</b>	<b>553.6</b>
Accumulated surplus/deficit	218.8	236.0	300.7	367.4	434.5	466.7	453.1
Borrowings	1.8	1.4	79.9	1.4	–	–	–
Post-retirement benefits	61.2	62.7	1.0	79.9	89.5	–	–
Trade and other payables	49.0	66.6	51.7	50.0	45.0	45.0	45.0
Provisions	12.6	0.5	0.4	0.5	0.5	0.5	0.5
Liabilities not classified elsewhere	4.1	21.3	34.5	34.5	50.0	55.0	55.0
<b>Total equity and liabilities</b>	<b>347.7</b>	<b>388.4</b>	<b>468.2</b>	<b>533.6</b>	<b>619.5</b>	<b>567.2</b>	<b>553.6</b>

### Expenditure trends

Transfers received by the Council for Mineral Technology and Research increased from R95.5 million in 2005/06 to R135.8 million in 2008/09 at an average annual rate of 12.5 per cent. The council's own revenue from sales of services and technologies over this period increased at an average annual rate of 14.8 per cent.

Over the MTEF period, transfers received increase from R135.8 million in 2008/09 to an expected R171 million in 2011/12, an average annual rate of 9.8 per cent. The council's own revenue from sales of services and technologies over this period is expected to increase at an average annual rate of 2.1 per cent, though at a slower rate than the previous three financial years.

## Nuclear Energy Corporation of South Africa

### Strategic overview: 2005/06 – 2011/12

The Nuclear Energy Corporation of South Africa was established in terms of the Nuclear Energy Act (1999) to undertake and promote research on nuclear energy and radiation sciences and technology, process source material, special nuclear material and restricted material including uranium enrichment, and cooperate with other entities. In addition to its legislative mandate, the corporation is also responsible for decommissioning and decontaminating past strategic nuclear facilities, managing nuclear waste disposal nationally, applying radiation technology for scientific and medical purposes, operating the SAFARI-1 nuclear reactor and the Pelindaba site, and executing the safeguards function.

The Nuclear Energy Corporation of South Africa supports the development of viable nuclear fuel cycle options for the Eskom new build programme, which has the potential to open up important opportunities for the nuclear and manufacturing industry to secure the energy supply, contribute to minerals beneficiation and develop the manufacturing industry and train technically skilled people.

Priorities over the MTEF period include:

- responding to the new build programme by establishing fuel cycle capabilities, localising nuclear manufacturing and building key partnerships
- expanding the corporation's commercial revenue and developing appropriate products
- developing the corporation's nuclear facilitation capacity, including licensing, promoting safeguards, and nuclear security
- collaborating more closely with the Pebble Bed Modular Reactor programme
- intensifying human resource development activities.

## Selected performance and operations indicators

**Table 28.14 Nuclear Energy Corporation of South Africa**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of innovations (3-year moving average)	2	3	4	4	4	5	5
Number of published scientific articles per researcher each year	0.1	0.2	0.3	0.4	0.5	0.7	1
Amount of sales of radiochemical products and services each year	R195m	R257m	R313m	R370m	R478m	R510m	R545m
SAFARI-1 operational availability (days available out of days scheduled)	307/310 (99%)	286/310 (92%)	305/308 days (99%)	304/304 (100%)	305/305 days (100%)	307/307 (100%)	304/304 (100%)
Total amount spent on decommissioning and decontamination closed down nuclear plants and facilities	R20.7m	R19.8m	R59.1m	R73.6m	R72.1m	R75.7m	R80.2m
Total number of security system update projects completed	10	87	148	236	287	321	338
Percentage of security system update projects completed expressed as a ratio of total of 338 projects planned	(3%)	(26%)	(44%)	(70%)	(85%)	(95%)	(100%)
Percentage of annual safeguards plan activities achieved as per agreed plan with the International Atomic Energy Agency	100%	100%	100%	100%	100%	100%	100%
Percentage of audited compliance in terms of the safety, health, environment and quality system and related legal requirements	60%	65%	76%	80%	80%	80%	80%

## Service delivery and spending focus

The Nuclear Energy Corporation of South Africa's role over the medium term is expected to expand, based on results from engineering feasibility studies which have confirmed that there are viable options for establishing a nuclear fuel cycle production facilities in South Africa. The corporation has established the National Nuclear Manufacturing Centre with ASME VIII accreditation and N-Stamp certification, which allows the centre to design, manufacture and export industrial vessels.

The corporation was invited as one of 28 members from 11 different countries to join a consortium that will undertake the CarboWaste project on the treatment and disposal of irradiated graphite and other carbonaceous waste under the European Atomic Energy Community's seventh framework programme during 2008.

The nuclear skills development centre for training artisans for the nuclear industry opened in January 2008. It was accredited by the relevant sector education and training authority and 130 students were trained in 2008/09. The aim is to train up to 600 students in the nuclear sector each year, thus capacitating South Africa to play a greater role in global nuclear technology.

NTP Radioisotopes, a subsidiary of the Nuclear Energy Corporation of South Africa, made sales of R370 million, exceeding its target for 2008/09 by 12 per cent. The company is now the third largest global producer of radio chemicals, and its main product, fission Mo-99, is used in approximately 6 million nuclear medicine imaging scans and other medical procedures across the world every year. This performance emphasises the importance of research and development in the nuclear sector.

## Expenditure estimates

Table 28.15 Nuclear Energy Corporation of South Africa: Financial information

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>401.8</b>	<b>479.8</b>	<b>569.3</b>	<b>667.3</b>	<b>712.8</b>	<b>788.8</b>	<b>850.6</b>
Sale of goods and services other than capital assets	369.1	437.2	515.6	608.4	668.4	739.2	799.6
of which:							
Sale of isotopes and related products	369.1	437.2	515.6	608.4	668.4	739.2	799.6
Other non-tax revenue	32.6	42.6	53.7	58.8	44.4	49.5	51.0
<b>Transfers received</b>	<b>221.7</b>	<b>326.6</b>	<b>345.2</b>	<b>533.5</b>	<b>564.1</b>	<b>595.4</b>	<b>628.1</b>
<b>Total revenue</b>	<b>623.5</b>	<b>806.4</b>	<b>914.5</b>	<b>1 200.7</b>	<b>1 277.0</b>	<b>1 384.1</b>	<b>1 478.7</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>603.1</b>	<b>675.7</b>	<b>825.4</b>	<b>1 133.0</b>	<b>1 174.8</b>	<b>1 274.4</b>	<b>1 345.1</b>
Compensation of employees	322.7	335.3	379.9	492.6	532.0	568.2	603.5
Goods and services	252.2	301.7	403.7	586.3	586.1	644.5	685.0
Depreciation	22.8	29.3	31.7	51.8	49.6	52.1	47.2
Interest, dividends and rent on land	5.4	9.4	10.1	2.2	7.1	9.6	9.4
<b>Transfers and subsidies</b>	<b>13.4</b>	<b>13.9</b>	<b>15.2</b>	<b>16.3</b>	<b>17.1</b>	<b>18.0</b>	<b>19.0</b>
<b>Total expenses</b>	<b>626.2</b>	<b>704.9</b>	<b>866.5</b>	<b>1 176.6</b>	<b>1 224.4</b>	<b>1 324.5</b>	<b>1 396.7</b>
<b>Surplus / (Deficit)</b>	<b>(2.7)</b>	<b>101.5</b>	<b>48.0</b>	<b>24.2</b>	<b>52.6</b>	<b>59.6</b>	<b>82.0</b>
<b>Statement of financial position</b>							
Carrying value of assets	170.1	212.6	242.8	301.8	342.0	432.0	456.5
of which: Acquisition of assets	34.9	58.9	63.7	110.8	89.7	142.1	71.7
Investments	45.7	43.3	45.0	80.4	96.0	111.8	224.1
Inventory	44.7	63.8	62.5	82.6	86.3	89.6	91.4
Receivables and prepayments	88.7	94.8	150.7	169.9	183.4	195.7	203.1
Cash and cash equivalents	101.7	134.2	167.2	148.0	189.6	241.1	196.2
Assets not classified elsewhere	–	–	0.1	0.1	0.1	0.1	0.1
<b>Total assets</b>	<b>451.0</b>	<b>548.8</b>	<b>668.4</b>	<b>782.8</b>	<b>897.3</b>	<b>1 070.2</b>	<b>1 171.4</b>
Accumulated surplus/deficit	(108.9)	(5.1)	41.0	111.5	186.4	261.0	340.3
Capital and reserves	11.3	21.4	23.6	23.7	23.7	23.7	23.7
Borrowings	16.6	14.8	10.6	16.1	35.2	114.9	132.5
Post-retirement benefits	310.3	312.2	329.6	330.6	331.1	331.6	332.3
Trade and other payables	198.6	177.5	225.1	238.0	248.0	255.7	259.2
Provisions	23.1	27.9	38.5	62.9	72.9	83.4	83.4
<b>Total equity and liabilities</b>	<b>451.0</b>	<b>548.8</b>	<b>668.4</b>	<b>782.8</b>	<b>897.3</b>	<b>1 070.2</b>	<b>1 171.4</b>

## Expenditure trends

The allocation to the Nuclear Energy Corporation of South Africa increased from R221.7 million in 2005/06 to R533.5 million in 2008/09, an average annual rate of 34 per cent. This increase is due to additional allocations for increased personnel expenditure, site and infrastructure maintenance and refurbishment, the upgrading of the corporation's security system, and carrying out engineering feasibility studies to determine the viability of establishing the nuclear fuel cycle production facilities in South Africa. Revenue from the sale of products and innovations increases from R369.1 million to R608.4 million at an average annual rate of 18.1 per cent. Over the medium term, transfers received are expected to grow at a slower average annual rate of 5.6 per cent.

## Additional tables

**Table 28.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	175.3	179.6	191.4	209.5	11.0	220.5	220.5
2. Promotion of Mine Safety and Health	124.8	121.8	104.3	129.8	(2.8)	127.0	127.0
3. Mineral Regulation	151.8	157.1	137.8	167.2	(5.0)	162.1	162.1
4. Mineral Policy and Promotion	70.1	70.1	73.6	57.5	7.4	64.9	64.9
5. Hydrocarbons and Energy Planning	52.6	52.3	35.6	65.1	(19.2)	45.9	45.9
6. Electricity, Nuclear and Clean Energy	58.0	60.5	86.7	62.0	199.4	261.4	261.4
7. Associated Services	2 333.5	2 333.5	2 318.0	2 904.4	–	2 904.4	2 803.1
<b>Total</b>	<b>2 966.1</b>	<b>2 974.9</b>	<b>2 947.4</b>	<b>3 595.4</b>	<b>190.8</b>	<b>3 786.2</b>	<b>3 685.0</b>

  

Economic classification							
<b>Current payments</b>	<b>574.1</b>	<b>582.3</b>	<b>573.4</b>	<b>645.6</b>	<b>8.7</b>	<b>654.3</b>	<b>654.3</b>
Compensation of employees	323.5	317.5	290.6	360.2	(11.1)	349.1	349.1
Goods and services	250.6	264.8	277.2	285.4	19.9	305.2	305.2
Financial transactions in assets and liabilities	–	–	5.6	–	–	–	–
<b>Transfers and subsidies</b>	<b>2 382.8</b>	<b>2 383.5</b>	<b>2 366.5</b>	<b>2 940.0</b>	<b>180.3</b>	<b>3 120.2</b>	<b>3 019.0</b>
Provinces and municipalities	467.8	467.8	462.5	595.6	–	595.6	494.4
Departmental agencies and accounts	247.7	262.1	262.1	257.2	–	257.2	257.2
Public corporations and private enterprises	1 666.1	1 652.4	1 639.8	2 085.9	180.1	2 266.0	2 266.0
Non-profit institutions	–	–	–	–	0.1	0.1	0.1
Households	1.2	1.2	2.1	1.2	0.1	1.3	1.3
<b>Payments for capital assets</b>	<b>9.2</b>	<b>9.2</b>	<b>7.5</b>	<b>9.9</b>	<b>1.8</b>	<b>11.7</b>	<b>11.7</b>
Machinery and equipment	7.7	7.7	5.3	8.4	1.0	9.4	9.4
Software and intangible assets	1.5	1.5	2.2	1.5	–	1.5	1.5
Land and subsoil assets	–	–	–	–	0.8	0.8	0.8
<b>Total</b>	<b>2 966.1</b>	<b>2 974.9</b>	<b>2 947.4</b>	<b>3 595.4</b>	<b>190.8</b>	<b>3 786.2</b>	<b>3 685.0</b>

**Table 28.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	213.0	239.1	273.1	330.7	375.0	405.8	429.9
Unit cost (R million)	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Personnel numbers (head count)	992	1 107	1 331	1 428	1 459	1 475	1 476
<b>Part time and temporary contract employees</b>							
Compensation (R million)	2.6	1.9	2.0	2.1	2.2	2.3	2.5
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Personnel numbers (head count)	70	51	51	51	51	51	51
<b>Interns</b>							
Compensation of interns (R million)	1.4	5.2	15.5	16.3	17.1	18.0	19.0
Unit cost (R million)	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Number of interns	59	284	279	280	280	280	280
<b>Total for department</b>							
<b>Compensation (R million)</b>	217.1	246.2	290.6	349.1	394.3	426.1	451.3
<b>Unit cost (R million)</b>	0.2	0.2	0.2	0.2	0.2	0.2	0.2
<b>Personnel numbers (head count)</b>	1 121	1 442	1 661	1 759	1 790	1 806	1 807

**Table 28.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	217.1	246.2	317.5	360.2	394.3	426.1	451.3
Training expenditure (R million)	2.9	2.1	2.4	5.5	10.6	11.2	11.7
Training as percentage of compensation	1.3%	0.8%	0.8%	1.5%	2.7%	2.6%	2.6%
Total number trained in department (head count)	455	623	279	—			
of which:							
Employees receiving bursaries (head count)	76	117	67	—			
Internships trained (head count)	59	284	279	—			

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

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Conditional grants to provinces</b>							
<b>Conditional grants to municipalities</b>							
<b>7. Associated Services</b>							
Integrated national electrification programme grant	297.5	390.7	462.5	595.6	933.0	1 020.1	1 096.6
<b>6. Electricity and Nuclear</b>							
Demand side management: Municipalities	—	—	—	—	175.0	220.0	280.0
<b>Total</b>	<b>297.5</b>	<b>390.7</b>	<b>462.5</b>	<b>595.6</b>	<b>1 108.0</b>	<b>1 240.1</b>	<b>1 376.6</b>

1. Detail provided in the Division of Revenue Act (2009)

Table 28.E Summary of expenditure on infrastructure

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)											
National electrification programme: Eskom	Electrification backlog of permanently occupied residential	To implement the integrated national electrification programme by providing capital subsidies to Eskom to address the electrification backlogs of permanently occupied residential dwellings, the installation of bulk infrastructure and the rehabilitation of electrification infrastructure		-	783.5	893.2	973.1	1 150.8	1 467.4	1 751.8	1 873.4
National electrification programme: Municipalities	Electrification backlog of permanently occupied residential	To implement the integrated national electrification programme by providing capital subsidies to municipalities to address the electrification backlogs of permanently occupied residential dwellings, the installation of bulk infrastructure and the rehabilitation and refurbishment of electricity infrastructure in order to improve quality of electrification infrastructure		-	297.5	390.7	467.8	595.6	933.0	1 020.1	1 096.6
Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)											
Integrated national electrification programme: Eradication of backlogs in electrification on schools and clinics	Electrification backlog of schools and clinics	To implement the programme integrated national electrification programme by providing capital subsidies to Eskom in order to address the electrification backlogs of schools and clinics		-	-	-	45.0	90.0	149.0	-	-
Demand side management: Municipalities	Rollout of compact fluorescent light bulbs	To provide for the replacement of light bulbs in the rural areas as trained workers from the Working for Water campaign could be used		-	-	-	-	-	175.0	220.0	280.0
Demand side Management: Eskom	Rollout of compact fluorescent light bulbs	To provide for the replacement of light bulbs in the rural areas as trained workers from the Working for Water campaign could be used		-	-	-	-	180.0	74.5	108.9	118.8
Total				-	1 081.0	1 283.9	1 485.9	2 016.4	2 798.7	3 100.8	3 368.8



Table 28.F Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
Foreign												
In cash												
Norway	Petroleum sector policy capacity building	Hydrocarbons and Energy Planning	–	Goods and services	Petroleum sector policies developed, research conducted and capacity building provided	7 253	3 000	2 515	–	–	–	–
	Electricity sector policy capacity	Electricity, Nuclear and Clean Energy	–	Goods and services	Training and capacity building in nuclear fields	584	1	89	–	–	–	–
	RSA-3001 South African energy sector policy research and capacity development programme	Electricity, Nuclear and Clean Energy	9 058	Departmental agencies and accounts	Compiled and published quality of electricity supply policy and regulations. Also developed national electricity pricing policy	–	–	–	6 109	2 848	–	–
	RSA-3001 South African energy sector policy research and capacity development programme	Hydrocarbons and Energy Planning	20 366	Compensation of employees	Training of petroleum controller staff, review of the petroleum pricing policy, and development of energy security master plan	–	–	–	7 901	11 153	–	–
Denmark	Designated national authority	Electricity, Nuclear and Clean Energy	–	Goods and services	Designated national authority established	272	19	716	661	–	–	–
	Cabeere project support	Electricity, Nuclear and Clean Energy	–	Goods and services	Renewable energy and energy efficiency service providers database established	–	262	–	–	–	–	–
	Darling wind farm project	Electricity, Nuclear and Clean Energy	–	Public corporations and private enterprises	Development of Darling wind farm as part of a pilot project in the fields of renewable energy	–	17 049	–	2 527	–	–	–
Total			29 424			8 109	20 331	3 320	17 198	14 001	–	–

# Vote 29

## Provincial and Local Government

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	163.5	159.0	0.2	4.3	172.8	181.4
Governance, Policy and Research	49.0	46.8	0.1	2.1	60.2	69.5
Urban and Rural Development	12.9	12.9	–	–	13.5	14.6
Systems and Capacity Building	106.3	104.6	0.0	1.7	121.7	127.4
Free Basic Services and Infrastructure	41.9	41.9	–	0.1	47.2	51.5
Provincial and Local Government Transfers	35 131.4	–	35 131.4	–	42 008.6	47 183.2
Fiscal Transfers	102.0	17.2	84.8	–	117.5	125.8
<b>Total expenditure estimates</b>	<b>35 607.0</b>	<b>382.4</b>	<b>35 216.4</b>	<b>8.2</b>	<b>42 541.6</b>	<b>47 753.5</b>
Executive authority	Minister for Provincial and Local Government					
Accounting officer	Director-General of Provincial and Local Government					
Website address	www.thedplg.gov.za					

### Aim

*The aim of the Department of Provincial and Local Government is to develop and promote a national system of integrated and cooperative governance and to support provincial and local government.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide for the management, leadership and administration of the department.

#### Programme 2: Governance, Policy and Research

**Purpose:** Provide policy advice and research support for: the development and monitoring of intergovernmental relations and the performance of provincial government; provincial municipal relations; integrated development planning, local economic development, and the institutions of traditional leadership; and international and donor relations.

#### Programme 3: Urban and Rural Development

**Purpose:** Manage, coordinate, monitor and measure the effectiveness of the integrated implementation of the urban renewal programme and the integrated sustainable rural development programme across all spheres of government.

## **Programme 4: Systems and Capacity Building**

**Purpose:** Provide capacity building and hands-on support programmes to local government. Manage the national disaster management centre. Promote intergovernmental fiscal relations. Regulate and monitor the local government institutional and administrative framework.

## **Programme 5: Free Basic Services and Infrastructure**

**Purpose:** Strengthen local government capacity to increase access to basic services, including free basic services for all communities, to enable municipalities to meet their constitutional mandate.

## **Programme 6: Provincial and Local Government Transfers**

**Purpose:** Transfer, manage and monitor grants for provincial and local government in accordance with the Division of Revenue Act and in support of government's imperatives.

## **Programme 7: Fiscal Transfers**

**Purpose:** Make financial transfers to various authorities and institutions in terms of the relevant legislation or founding agreements.

## **Strategic overview: 2005/06 – 2011/12**

The Department of Provincial and Local Government remains committed to building viable and effective spheres of government that are based on constitutional principles and that operate within the framework for intergovernmental relations. The department also plays a vital role in supporting and coordinating the progressive delivery of basic services to South Africans, aiming ultimately towards achieving the millennium development goals by 2014.

Despite the service delivery challenges that exist within the provincial and local government spheres, progress has been made. According to the community survey released by Statistics South Africa in October 2007, 88.6 per cent of households had access to piped water in 2007, compared with 84.5 per cent in 2001. Over the same period, 80 per cent of households had access to electricity in 2007, compared with 69.7 per cent in 2001. And 60.4 per cent of households had access to flush toilets in 2007, compared with 51.9 per cent in 2001.

Over the medium term, the department continues to focus on the following strategic objectives:

- building and improving the governance system to enable sustainable development and service delivery
- overseeing the implementation of the intergovernmental programme of support to the institutions of traditional leadership to perform their constitutional mandate
- building and strengthening the capability and accountability of provinces and municipalities to implement their constitutional mandate
- monitoring, evaluating and communicating the impact of government programmes in municipal areas to enhance performance, accountability and public confidence
- strengthening the department's organisational capability and performance to deliver on its mandate.

### **Key focus areas for the medium term**

Based on these strategic objectives, the department has identified a number of key focus areas for the medium term.

#### *Policy development and analysis*

Policy development and analysis are the cornerstones of legislative and regulatory reform. In January 2007, Cabinet mandated the department to develop a policy framework on provincial government and to review the White Paper on Local Government. The review began with a public submissions process in July 2007. In

parallel, a comprehensive programme of research covering a number of aspects of good governance and practice was launched, followed by interviews with practitioners and consultations with public institutions and experts in particular fields. The review presents a series of options for improving and reforming the governance and operations of the intergovernmental system. Both policy papers were subsequently consolidated and submitted to Cabinet in July 2008. The final draft of the white paper was submitted to Cabinet in January 2009.

#### *Building systems and structures*

The department aims to build systems and structures that will support the implementation of policies and legislation within the intergovernmental fiscal framework. The department will strengthen development planning by emphasising spatial planning and land use management. Moreover, information from an assessment of the alignment of plans with the different spheres of government and the analysis of development plans will be used to improve planning capabilities. The department is continuing its efforts to build institutional capacity within provinces and municipalities through its hands-on support programme to provinces.

#### *Promoting urban and rural development*

The department continues to advance the implementation of the urban renewal programme and the integrated sustainable rural development programme. Over the MTEF period, interventions focusing on strengthening spatial development frameworks, land use management and infrastructure development will gather pace in geographical areas identified by these two programmes. The local economic development framework will inform the creation of growth strategies, skills development, stakeholder engagement and resource management.

#### *Knowledge management and development communication*

Knowledge management and development communication involves recording and disseminating knowledge and learning to the provincial and local spheres of government. Interventions under this key focus area include sharing best practices, communicating service delivery issues and producing development communication material aimed at community empowerment.

#### *Monitoring and evaluation*

Sector wide monitoring and evaluation will be strengthened with the implementation of a transversal system to improve data quality and reporting on the local government strategic agenda. The logic model, which is a general framework used to describe the work of organisations in terms of their inputs, activities, outputs and outcomes, will also be rolled out. The department will develop a set of local government performance indicators, as well as monitoring and evaluation capacity in provinces.

#### *Cross-cutting areas*

Over the MTEF period, the department will focus on coordinating and supporting the delivery of the following key outputs: free basic services; local economic development; public participation and community empowerment; ward communities; equity and development; partnership; revenue generation; ICT for development; and disaster management within provincial and local government.

## **Selected performance and operations indicators**

**Table 29.1 Provincial and Local Government**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Total number of district municipalities supported in implementing local economic development strategies (total 46 districts)	Governance, Policy and Research	–	–	–	–	14 (30%)	16 (65%)	16 (100%)
Total number of provinces supported with the intergovernmental relations capacity building programme (total 9 provinces)	Governance, Policy and Research	–	–	–	–	4	6	9

**Table 29.1 Provincial and Local Government (continued)**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of districts supported with the intergovernmental relations capacity building programme (total 46 districts)	Governance, Policy and Research	–	–	–	–	23	34	46
Percentage of integrated development plans drafted in accordance with development planning outcomes	Governance, Policy and Research	–	–	224 (79%)	240 (85%)	260 (92%)	277 (98%)	283 (100%)
Number of institutions of traditional leadership supported through capacity building programmes	Governance, Policy and Research	–	–	–	–	830	800	1200
Amount spent by municipalities on municipal infrastructure grants by end of municipal financial year and as a percentage of total municipal infrastructure grant allocation for that financial year	Provincial and Local Government Transfers	R5.4bn (99%)	R5.6bn (96%)	R8.7bn (100%)	R9.4bn (100%)	R11.1bn (100%)	R12.5bn (100%)	R15.1bn (100%)
Number of households reached with basic services funded by the municipal infrastructure grant	Provincial and Local Government Transfers							
Water		457 132	610 293	815 293	1 million	1.2 million	1.4 million	1.6 million
Sanitation		219 701	343 942	445 070	566 070	687 070	808 070	929 070
Roads		320 010	521 636	669 636	817 636	965 636	1113 636	1.3 million
Community lighting		188 160	236 183	312 183	388 183	464 183	540 186	616 186
Percentage of indigent households accessing free basic services:	Provincial and Local Government Transfers							
Water		71%	73%	77%	85 %	87%	90%	100%
Electricity		58%	60%	73%	85%	87%	89%	100%
Number of provinces receiving support each year through a dedicated hands-on support programme	Systems and Capacity Building	–	–	–	–	4	6	9
Number of additional municipalities receiving support on financial statements	Systems and Capacity building	–	75	120	160	200	234	283
Number of fully functional disaster management centres across the 3 spheres of government	Systems and Capacity Building	1	2	5	9	12	14	16
Number of additional nodal municipalities with spatial development frameworks for land use and management plans reflected in their integrated development plans	Urban and Rural Development	–	–	6	8	10	12	–
Number of additional nodal municipalities with strategic local economic development projects reflected in the integrated development plan budgets for public sector investments	Urban and Rural Development	–	–	96	2	4	6	–

## Expenditure estimates

**Table 29.2 Provincial and Local Government**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	108.9	127.5	143.7	150.7	150.0	163.5	172.8	181.4
2. Governance, Policy and Research	24.2	37.6	38.8	43.7	42.4	49.0	60.2	69.5
3. Urban and Rural Development	8.3	8.0	8.6	12.9	11.6	12.9	13.5	14.6
4. Systems and Capacity Building	83.4	98.7	89.6	106.3	104.2	106.3	121.7	127.4
5. Free Basic Services and Infrastructure	37.8	36.6	34.5	41.1	37.0	41.9	47.2	51.5
6. Provincial and Local Government Transfers	15 631.2	24 196.3	29 629.8	35 185.6	34 426.4	35 131.4	42 008.6	47 183.2
7. Fiscal Transfers	82.4	70.8	84.7	98.7	98.7	102.0	117.5	125.8
<b>Total</b>	<b>15 976.1</b>	<b>24 575.7</b>	<b>30 029.7</b>	<b>35 639.0</b>	<b>34 870.2</b>	<b>35 607.0</b>	<b>42 541.6</b>	<b>47 753.5</b>
Change to 2008 Budget estimate				1 445.1	676.3	(5 565.5)	(6 061.3)	(3 765.6)

**Table 29.2 Provincial and Local Government (continued)**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>264.0</b>	<b>305.7</b>	<b>329.7</b>	<b>371.6</b>	<b>362.1</b>	<b>382.4</b>	<b>436.0</b>	<b>467.1</b>
Compensation of employees	99.4	116.2	128.1	154.3	152.3	195.9	205.2	219.2
Goods and services	164.6	189.3	200.0	217.2	209.7	186.5	230.8	248.0
of which:								
Administrative fees	0.4	0.6	0.4	0.6	0.6	0.1	0.1	0.1
Advertising	5.3	10.5	13.1	6.8	6.8	7.0	6.6	7.1
Assets less than R5 000	0.9	2.4	1.2	1.8	1.8	1.0	1.5	1.8
Audit costs: External	2.1	2.8	4.3	2.8	2.8	2.0	2.1	2.3
Bursaries (employees)	0.3	0.3	0.6	0.7	0.7	0.7	3.2	3.8
Catering: Departmental activities	1.6	2.1	5.8	5.0	5.0	3.7	4.4	5.4
Communication	5.7	7.4	7.1	9.9	9.9	7.7	10.4	11.0
Computer services	3.8	4.5	5.2	7.8	7.8	5.7	6.7	7.1
Consultants and professional services: Business and advisory services	49.1	57.1	46.7	67.6	60.1	54.5	65.4	65.2
Consultants and professional services: Legal costs	0.9	3.8	3.6	3.9	3.9	1.9	4.2	5.3
Contractors	1.4	4.1	9.6	5.3	5.3	5.7	5.0	5.6
Agency and support / outsourced services	2.9	3.9	3.4	4.6	4.6	2.1	3.1	4.8
Entertainment	0.2	0.3	0.0	0.3	0.3	0.8	0.5	0.7
Inventory: Stationery and printing	4.4	4.9	3.6	8.8	8.8	8.5	9.9	12.4
Lease payments	21.8	35.9	33.6	34.4	34.4	27.2	37.7	39.4
Owned and leasehold property expenditure	2.9	5.7	7.9	3.8	3.8	7.4	7.1	4.2
Travel and subsistence	31.1	33.4	34.0	37.9	37.9	36.4	45.5	51.6
Training and development	1.1	1.4	1.9	2.9	2.9	2.5	3.8	4.0
Operating expenditure	22.7	2.5	5.9	4.2	4.2	5.0	3.5	3.6
Venues and facilities	5.5	5.4	7.2	7.7	7.7	6.3	9.5	11.9
Financial transactions in assets and liabilities	0.0	0.3	1.6	0.0	0.0	–	–	–
<b>Transfers and subsidies</b>	<b>15 705.7</b>	<b>24 257.0</b>	<b>29 692.1</b>	<b>35 259.4</b>	<b>34 500.1</b>	<b>35 216.4</b>	<b>42 097.2</b>	<b>47 277.1</b>
Provinces and municipalities	15 631.5	24 196.4	29 629.8	35 186.0	34 426.7	35 131.5	42 008.7	47 183.3
Departmental agencies and accounts	67.8	49.7	56.6	67.5	67.5	78.1	83.2	88.2
Public corporations and private enterprises	0.2	0.3	0.4	0.1	0.1	0.1	0.1	0.1
Foreign governments and international organisations	–	3.0	0.1	–	–	0.1	0.1	0.1
Households	0.7	0.7	0.8	1.1	1.1	1.9	–	–
<b>Payments for capital assets</b>	<b>6.4</b>	<b>13.0</b>	<b>7.8</b>	<b>8.1</b>	<b>8.1</b>	<b>8.2</b>	<b>8.4</b>	<b>9.2</b>
Machinery and equipment	6.1	4.8	6.8	8.1	8.1	8.2	8.4	9.2
Software and other intangible assets	0.3	8.1	1.1	–	–	–	–	–
<b>Total</b>	<b>15 976.1</b>	<b>24 575.7</b>	<b>30 029.7</b>	<b>35 639.0</b>	<b>34 870.2</b>	<b>35 607.0</b>	<b>42 541.6</b>	<b>47 753.5</b>

## Expenditure trends

Expenditure increased at an average annual rate of 30.7 per cent between 2005/06 and 2008/09 from R16 billion to R35.6 billion, due to transfers made available to municipalities that did not previously receive the municipal infrastructure grant. Over the medium term, expenditure is expected to rise at an average annual rate of 10.2 per cent to reach R47.8 billion in 2011/12. The substantive growth over the seven-year period is because of increased provisions for the local government equitable share and the municipal infrastructure grant, which also explains the sizeable growth in the *Provincial and Local Government Transfers* programme over the period.

Spending on transfers and subsidies has risen at an average annual rate of 30.9 per cent between 2005/06 and 2008/09, and is expected to rise at a further 10.3 per cent between 2008/09 and 2011/12. The lower growth over the medium term is because a new department of traditional leadership will have been created and two public entities in the *Fiscal Transfers* programme will move to the new department.

Spending in compensation of employees is expected to increase at an average annual rate of 12.4 per cent between 2008/09 and 2011/12, mainly to cater for increased staff appointments. Over the same period, spending in goods and services is expected to increase at an average annual rate of 4.5 per cent to provide for more office space, and furniture and equipment.

Over the medium term, the 2009 Budget includes additional amounts of R343.6 million, R33.5 million and R2.7 billion mainly for:

- the local government equitable share (R1.1 billion)
- the municipal infrastructure grant (R1.6 billion)
- the National House of Traditional Leaders (R12 million)
- disaster relief (R340 million).

Over the medium term, in aggregate, savings of R18.8 million, R21.9 million and R23.4 million have been identified in goods and services.

## Departmental receipts

Departmental receipts accrue from the collection of parking fees, commissions on insurance policy deductions, and subsidised vehicle and bursary payments. The large increase in revenue collection in 2006/07 under financial transactions in assets and liabilities is due to receivables/losses recovered.

**Table 29.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>328</b>	<b>6 830</b>	<b>731</b>	<b>395</b>	<b>453</b>	<b>570</b>	<b>582</b>	<b>591</b>
Sales of goods and services produced by department	81	109	125	97	105	111	118	125
Sales of scrap, waste, arms and other used current goods	–	1	–	15	18	1	1	1
Fines, penalties and forfeits	55	–	–	–	–	–	–	–
Interest, dividends and rent on land	3	6	3	3	3	3	3	3
Sales of capital assets	–	–	337	–	–	–	–	–
Financial transactions in assets and liabilities	189	6 714	266	280	327	455	460	462
<b>Total</b>	<b>328</b>	<b>6 830</b>	<b>731</b>	<b>395</b>	<b>453</b>	<b>570</b>	<b>582</b>	<b>591</b>

## Programme 1: Administration

### Expenditure estimates

**Table 29.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	0.9	1.0	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.6	0.7	0.9	1.3	1.4	1.5	1.6
Management	6.1	9.4	9.6	11.1	13.0	13.6	14.3
Corporate Services	68.8	76.7	88.0	94.8	103.4	108.4	113.6
Monitoring and Evaluation	13.4	18.3	16.5	17.8	17.7	18.5	19.4
Government Motor Transport	0.6	0.7	0.8	0.9	0.9	0.9	1.0
Property Management	18.6	20.6	25.3	23.2	25.5	28.0	29.7
Special Functions: Authorised Losses	0.0	0.3	1.6	–	–	–	–
<b>Total</b>	<b>108.9</b>	<b>127.5</b>	<b>143.7</b>	<b>150.7</b>	<b>163.5</b>	<b>172.8</b>	<b>181.4</b>
Change to 2008 Budget estimate				0.5	5.9	7.3	6.0

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



Table 29.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>104.4</b>	<b>122.8</b>	<b>137.4</b>	<b>145.7</b>	<b>159.0</b>	<b>168.2</b>	<b>176.8</b>
Compensation of employees	40.9	48.0	52.5	57.4	81.2	85.0	90.9
Goods and services	63.5	74.6	83.2	88.3	77.9	83.2	85.9
of which:							
Administrative fees	0.2	0.3	0.2	0.5	0.0	0.0	0.0
Advertising	2.8	4.1	4.1	4.0	3.3	3.5	3.6
Assets less than R5 000	0.5	1.2	0.8	0.9	0.5	0.5	0.7
Audit costs: External	2.1	2.8	4.3	2.8	2.0	2.1	2.3
Bursaries (employees)	0.3	0.3	0.6	0.7	0.7	0.7	0.8
Catering: Departmental activities	0.6	0.5	1.2	1.5	1.0	1.1	1.6
Communication	5.3	6.0	5.4	5.3	4.8	4.8	5.6
Computer services	2.6	2.2	4.7	4.4	2.6	2.7	3.0
Consultants and professional services:	6.4	9.1	7.3	12.6	9.3	10.4	9.6
Business and advisory services							
Consultants and professional services:	0.7	2.3	3.4	1.4	0.6	0.9	2.5
Legal costs							
Contractors	0.7	1.3	1.7	2.4	1.9	2.0	2.0
Agency and support / outsourced services	1.1	1.2	0.8	2.4	0.7	0.7	2.2
Entertainment	0.1	0.2	0.0	0.1	0.5	0.4	0.5
Inventory: Stationery and printing	2.6	3.4	2.3	3.2	2.6	3.0	3.1
Lease payments	21.4	22.0	26.2	27.0	26.5	28.5	29.8
Owned and leasehold property expenditure	2.9	5.7	7.9	3.5	7.4	6.8	3.9
Travel and subsistence	10.2	9.3	7.7	10.2	9.9	11.0	10.2
Training and development	0.7	0.9	1.2	1.5	0.9	1.6	1.7
Operating expenditure	1.8	1.1	2.2	2.4	1.3	1.2	1.3
Venues and facilities	0.4	0.4	0.7	1.4	0.9	1.0	1.2
Financial transactions in assets and liabilities	0.0	0.3	1.6	0.0	–	–	–
<b>Transfers and subsidies</b>	<b>0.3</b>	<b>1.1</b>	<b>1.2</b>	<b>0.4</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Provinces and municipalities	0.1	0.0	0.0	0.3	0.1	0.1	0.1
Public corporations and private enterprises	0.2	0.3	0.4	0.1	0.1	0.1	0.1
Non-profit institutions	–	0.1	–	–	–	–	–
Households	0.0	0.7	0.8	–	–	–	–
<b>Payments for capital assets</b>	<b>4.2</b>	<b>3.6</b>	<b>5.1</b>	<b>4.6</b>	<b>4.3</b>	<b>4.4</b>	<b>4.5</b>
Machinery and equipment	4.1	3.4	4.9	4.6	4.3	4.4	4.5
Software and other intangible assets	0.2	0.2	0.3	–	–	–	–
<b>Total</b>	<b>108.9</b>	<b>127.5</b>	<b>143.7</b>	<b>150.7</b>	<b>163.5</b>	<b>172.8</b>	<b>181.4</b>

## Expenditure trends

Between 2005/06 and 2008/09, expenditure grew from R108.9 million to R150.7 million at an average annual rate of 11.4 per cent. This was mainly due to increases in compensation of employees and minister and deputy minister salaries. Over the MTEF period, the budget is set to rise more slowly at an average annual rate of 6.4 per cent to reach R181.4 million in 2011/12.

Expenditure in the *Corporate Services* subprogramme, which accounts for 62.9 per cent of this programme's budget in 2008/09, grew from R68.8 million in 2005/06 to R94.8 million in 2008/09, an average annual rate of 11.3 per cent. The increase was because the monitoring and evaluation unit was moved from the *Systems and Capacity Building* programme to this programme in that period.

The 54.3 per cent increase in the *Management* subprogramme in 2006/07 was because the internal audit function was moved from the *Monitoring and Evaluation* subprogramme to the office of the director-general.

## Programme 2: Governance, Policy and Research

- *Management*.
- *Intergovernmental Relations* supports constitutional principles and practices in intergovernmental relations.
- *Development Planning* supports the development of integrated and cooperative governance.
- *Local Economic Development* provides support to municipalities to build the required capacity for local economic development.
- *Traditional Leadership and Institutions* focuses on research and policy making related to the institutions of traditional leadership.
- *International and Donor Relations* manages relations with donor and international support.

Funding in all subprogrammes will mainly be used for salaries, and other personnel related costs.

### Objectives and measures

- Support cooperative governance and sound intergovernmental practices by producing a draft white paper on provincial and local government by March 2009.
- Contribute to local economic growth and poverty reduction by supporting 14 district municipalities to implement local economic development strategies by March 2010.
- Improve conditions for economic development knowledge and practice at local level by establishing a knowledge facility to support municipalities and provinces, and by partnering with the higher education sector and other key sectors by March 2010.
- Support the Intergovernmental Relations Framework Act (2005) by:
  - providing capacity building and systems support to 4 provinces and 23 district municipalities by March 2010.
  - submitting an annual intergovernmental relations report to Parliament by March 2011.
- Strengthen the role of traditional leaders in service delivery by:
  - implementing a government wide national support programme for the institutions of traditional leadership and Khoi-San communities by the end of 2009/10
  - providing capacity and financial support for establishing the new department until March 2010.
- Popularise the Commission for the Rights of Cultural, Religious and Linguistic Communities through a joint marketing programme by December 2009.

### Service delivery and spending focus

By the end of the first half of 2008/09, the intergovernmental relations capacity building programme had been rolled out in 2 of the 4 targeted provinces (KwaZulu-Natal and Limpopo). All municipalities had drafted their integrated development plan in line with the local economic development framework.

Strengthening institutions of traditional leadership and building the capacity of traditional leadership are key elements in improving the governance system for South Africa and the quality of life for traditional communities. During 2007/08, the department finalised a government wide national programme of support to the institutions of traditional leadership. A government wide national support programme for traditional leadership was also developed and proposed to Cabinet for adoption. Cabinet approved a recommendation for a new, dedicated national department responsible for traditional leadership within this ministry.

With its increased focus on the role of provincial government in 2008/09, the department facilitated a number of discussions and support programmes through appropriate intergovernmental relations structures, such as the President's Coordinating Council, including strengthening and aligning the provincial growth and development strategies with local integrated development plans and the national spatial development perspective. By the end of the first half of 2008/09, provincial offices of the premier and departments of local government had been comprehensively assessed to inform the development of a focused improvement framework.

## Expenditure estimates

**Table 29.5 Governance, Policy and Research**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	1.2	1.3	1.1	2.4	3.1	3.5	3.8
Intergovernmental Relations	6.2	7.2	10.8	12.2	13.4	15.5	16.7
Development Planning	4.5	4.5	5.7	5.5	5.3	6.1	6.5
Local Economic Development	2.0	2.8	2.1	3.3	3.7	4.4	4.8
Traditional Leadership and Institutions	5.8	6.0	6.6	14.3	17.2	20.1	25.8
International and Donor Relations	4.5	15.9	12.5	6.0	6.4	10.6	12.0
<b>Total</b>	<b>24.2</b>	<b>37.6</b>	<b>38.8</b>	<b>43.7</b>	<b>49.0</b>	<b>60.2</b>	<b>69.5</b>
Change to 2008 Budget estimate				(0.8)	0.9	6.8	13.0

### Economic classification

<b>Current payments</b>	<b>24.0</b>	<b>29.1</b>	<b>37.9</b>	<b>42.7</b>	<b>46.8</b>	<b>59.0</b>	<b>67.6</b>
Compensation of employees	15.1	16.7	17.7	25.3	29.7	31.2	32.6
Goods and services	8.9	12.3	20.2	17.3	17.1	27.8	35.0
of which:							
Advertising	0.1	0.4	1.5	0.3	0.3	0.3	0.5
Assets less than R5 000	0.1	0.7	0.1	0.1	0.1	0.1	0.2
Catering: Departmental activities	0.2	0.1	0.4	0.6	0.5	0.6	0.9
Communication	0.0	0.2	0.2	0.3	0.5	0.9	0.5
Computer services	0.1	0.0	—	0.3	0.5	0.7	0.5
Consultants and professional services: Business and advisory services	2.0	4.7	3.6	4.2	4.6	10.0	8.6
Contractors	—	0.0	1.1	0.5	0.3	0.3	0.7
Agency and support / outsourced services	0.6	0.4	0.2	0.0	—	—	0.0
Inventory: Other consumables	0.0	0.0	3.9	0.0	0.0	0.0	0.1
Inventory: Stationery and printing	0.2	0.3	0.3	1.8	1.7	2.1	4.2
Lease payments	0.1	0.1	0.8	0.2	0.3	0.3	0.3
Travel and subsistence	4.4	3.7	3.6	6.5	6.2	8.5	12.7
Training and development	0.1	0.2	0.1	0.3	0.4	0.7	0.7
Operating expenditure	0.1	0.5	2.8	0.5	0.9	0.9	0.8
Venues and facilities	0.8	1.0	1.0	1.5	0.7	2.2	4.1
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>8.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Provinces and municipalities	0.0	0.0	—	—	—	—	—
Foreign governments and international organisations	—	3.0	0.1	—	0.1	0.1	0.1
Non-profit institutions	—	5.1	0.1	—	—	—	—
Households	—	0.0	—	0.2	—	—	—
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.4</b>	<b>0.7</b>	<b>0.8</b>	<b>2.1</b>	<b>1.1</b>	<b>1.8</b>
Machinery and equipment	0.1	0.1	0.7	0.8	2.1	1.1	1.8
Software and other intangible assets	—	0.3	0.0	—	—	—	—
<b>Total</b>	<b>24.2</b>	<b>37.6</b>	<b>38.8</b>	<b>43.7</b>	<b>49.0</b>	<b>60.2</b>	<b>69.5</b>

### Details of selected transfers and subsidies

<b>Foreign governments and international organisations</b>							
<b>Current</b>	—	3.0	0.1	—	0.1	0.1	0.1
United Cities and Local Government in Africa	—	3.0	0.1	—	0.1	0.1	0.1
<b>Non-profit institutions</b>							
<b>Current</b>	—	5.1	0.1	—	—	—	—
Other Non-Profit Institutions	—	5.1	0.1	—	—	—	—

## Expenditure trends

Expenditure increased from R24.2 million in 2005/06 to R43.7 million in 2008/09, at an average annual rate of 21.8 per cent, mainly due to activities around intergovernmental relations. The *Traditional Leadership and Institutions* subprogramme showed the highest growth rate during this period, rising by an average annual rate

of 35.4 per cent to accommodate the new national department of traditional and institutional affairs, which has been approved by Cabinet.

The increase of 111.2 per cent in spending in the *Management* subprogramme in 2008/09 is because a dedicated deputy director-general was appointed to oversee the development of the white paper on local government. Implementing the local economic development framework and developing training material on the framework at National Qualifications Framework levels 5 and 6, resulted in a 54.9 per cent growth in expenditure on the *Local Economic Development* subprogramme between 2007/08 and 2008/09.

Expenditure related to the establishment of the Southern African Development Community (SADC) local government desk and the consolidation of the SADC local government agenda resulted in a 252.9 per cent growth in expenditure on the *International and Donor Relations* subprogramme between 2005/06 and 2006/07.

### **Programme 3: Urban and Rural Development**

- *Management.*
- *Urban Renewal Programme Management* provides support to the urban renewal programme and coordination across government.
- *Urban Renewal Monitoring and Evaluation* manages a national system for reporting on the results of impact analyses of the urban renewal programme.
- *Integrated Sustainable Rural Development Programme Management* provides support and coordination across government for the integrated sustainable rural development programme.
- *Integrated Sustainable Rural Development Programme Monitoring and Evaluation* manages a national system for reporting on the impact of the integrated sustainable rural development programme.

Funding in all subprogrammes will mainly be used for salaries, and other personnel related costs.

#### **Objectives and measures**

- Improve coordination and integrated development planning by increasing the number of nodal municipalities with improved spatial development frameworks (land use and management plans) reflected in their integrated development plans to 7 municipalities by 2011.
- Accelerate job creation in integrated sustainable rural development programme and urban renewal programme nodes through implementing investor friendly local economic development strategies in 12 nodes by 2010/11.
- Promote local economic development by reviewing and documenting the integrated sustainable rural development programme and urban renewal programme to align them with the white paper recommendations by March 2010.

#### **Service delivery and spending focus**

The Department of Provincial and Local Government continued to give priority to infrastructure investment and development in the 21 urban and rural nodes. In 2007/08, the partnership with the Business Trust resulted in the economic profiles of 15 rural and 8 urban nodes being completed. The profiles significantly improved government's understanding of each node's economic character. The profiles have been designed to improve the information available to decision makers in the public and private sectors and to facilitate more targeted investment to support economic development in the nodes. Support for identified opportunities has been provided to 2 urban nodes, as part of ensuring that their strategic local economic development projects are reflected in their integrated development planning budget for public sector investment.

The technical support facility for Eastern Cape nodes, established through the support of the European Commission, is aimed at improving delivery capacity through budget support to municipal operations.

Valuable lessons have been documented in the department's study on improving intergovernmental coordination and communication mechanisms with stakeholders during 2007/08. A review of the urban renewal

programme anchor projects, which was completed in March 2008, has shown that consolidating public and private sector investments can be a powerful tool for improving investor confidence, increasing public participation and promoting the quality of public space and local services in underdeveloped areas.

Over the medium term, the programme will continue to improve service delivery and create development opportunities by implementing development orientated interventions and coordinating service delivery in nodal areas across all spheres of government. The urban renewal programme and the integrated sustainable rural development programme will be the vehicles for this.

## Expenditure estimates

**Table 29.6 Urban and Rural Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	1.7	0.7	1.4	2.0	3.3	3.5	3.6
Urban Renewal Programme Management	1.2	1.1	1.6	3.8	2.4	2.5	2.6
Urban Renewal Monitoring and Evaluation	1.8	2.0	2.1	2.3	2.3	2.4	2.5
Integrated Sustainable Rural Development Programme Management	1.6	2.0	1.5	2.5	2.6	2.7	3.3
Integrated Sustainable Rural Development Monitoring and Evaluation	2.0	2.1	2.0	2.2	2.4	2.5	2.6
<b>Total</b>	<b>8.3</b>	<b>8.0</b>	<b>8.6</b>	<b>12.9</b>	<b>12.9</b>	<b>13.5</b>	<b>14.6</b>
Change to 2008 Budget estimate				1.3	0.8	0.7	0.9
<b>Economic classification</b>							
<b>Current payments</b>	<b>8.3</b>	<b>7.9</b>	<b>8.6</b>	<b>12.9</b>	<b>12.9</b>	<b>13.5</b>	<b>14.6</b>
Compensation of employees	5.0	5.0	6.4	7.5	9.3	9.8	10.3
Goods and services	3.3	3.0	2.2	5.4	3.6	3.7	4.3
of which:							
Consultants and professional services: Business and advisory services	1.0	0.7	0.4	3.1	1.7	1.8	2.3
Travel and subsistence	1.5	1.1	1.1	1.5	1.2	1.3	1.4
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Households	–	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	0.0	0.0	0.1	0.0	–	–	–
<b>Total</b>	<b>8.3</b>	<b>8.0</b>	<b>8.6</b>	<b>12.9</b>	<b>12.9</b>	<b>13.5</b>	<b>14.6</b>

## Expenditure trends

Spending in the *Urban and Rural Development* programme grew from R8.3 million in 2005/06 to R12.9 million in 2008/09 at an average annual rate of 15.7 per cent, mainly due to activities relating to the urban renewal programme. Over the medium term, expenditure is expected to increase further at an average annual rate of 4.2 per cent to reach R14.6 million in 2011/12.

The 49.2 per cent increase in spending between 2007/08 and 2008/09 was due to the appointment of more personnel, which also explains the 50.3 per cent increase in compensation of employees in that year. The 149.4 per cent increase in spending on goods and services in 2008/09 was for consultants appointed to prepare the report on the state of the nodes.

Over the MTEF period, programme expenditure is expected to grow more moderately at an average annual rate of only 4.2 per cent, as monitoring and evaluation activities are increasingly integrated, creating the basis for accelerating the outcomes of the economic profiles of the nodes and producing the report on the state of the nodes.

## Programme 4: Systems and Capacity Building

- *Management*.
- *Intergovernmental Fiscal Relations* manages policy on and the disbursement of the local government equitable share and the municipal systems improvement grant, and fosters sound intergovernmental fiscal relations.
- *Local Government Institutional and Administrative Systems* promotes institutional and administrative support to promote development and service delivery.
- *Capacity Building Systems* supports the implementation of fiscal, administrative, performance management and capacity building systems.
- *Disaster Management* administers the Disaster Management Act (2002) and manages the national disaster management centre.
- *Municipal Performance Monitoring and Support* implements and supports performance management systems and monitors the performance of municipalities for targeted support and recognition of performance excellence.
- *Municipal Leadership Development Programme* develops and coordinates standardised leadership development for senior local government officials and councillors.
- *Anti-Corruption* coordinates and supports the implementation of the local government anti-corruption strategy.
- *Local Government Equity and Development* coordinates support for mainstreaming gender, disability, HIV and AIDS and youth issues into local government development programmes.
- *Project Consolidate* provides hands-on support for implementing government's programme of action and addresses service delivery challenges in a targeted number of municipalities.

Funding will mainly be used for salaries, and other personnel related costs in all subprogrammes except the *Disaster Management* subprogramme, where funding is disbursed on the basis of service level agreements between the department and contractors.

### Objectives and measures

- Increase the targeted support from 4 to 9 provincial departments of local government, in developing capacity building plans in line with the revised national capacity building framework by March 2010.
- Support the development of municipal systems by giving hands-on technical assistance to municipalities to put in place targeted, sound financial management practices by March 2010.
- Coordinate, establish and implement support systems and capacity building by implementing the 5-year local government strategic agenda, with a focus on institutionalising hands-on support by the end of March 2010.
- Support preparations for the 2010 FIFA World Cup by ensuring that key systems and measures such as disaster management plans are in place in all host cities by March 2010.
- Support proactive and responsive disaster management across all spheres of government by giving technical assistance for setting up disaster management structures and systems by November 2009.

### Service delivery and spending focus

Lessons from Project Consolidate are now embedded in the local government strategic agenda. As part of implementing the agenda, 105 municipalities will have been given technical and professional assistance by December 2009. A draft national capacity building framework implementation plan was developed in the first half of 2008/09. This framework guides and supports provinces to develop their own comprehensive capacity building plans.

The 2006 performance management regulations have led to a decline in the vacancy rates for municipal managers from 22 per cent in September 2007 to 12 per cent in December 2008.



Good municipal financial management continues to be a challenge, but there were some key improvements in 2008/09. For example, the percentage of municipalities meeting the legislative deadline for submitting their annual financial statements increased from 69 per cent in 2006/07 to 81 per cent in 2007/08.

Through the national disaster management centre, the department has registered unit standards for levels 3 to 7 with the South African Qualifications Authority for a national certificate in disaster risk management. The department has also developed regulations for recruiting and using disaster management volunteers every year.

In 2008/09, the department established a 2010 national disaster management steering committee and adopted a 2010 disaster management policy. Disaster management centres have been established in 5 of the 9 host cities, where contingency plans have also been developed, and disaster management plans are in place in 7 of the cities.

## Expenditure estimates

**Table 29.7 Systems and Capacity Building**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	1.9	0.7	1.3	4.5	4.8	5.0	5.2
Intergovernmental Fiscal Relations	21.3	4.7	4.6	5.9	6.2	6.5	6.8
Local Government Institutional and Administrative Systems	4.2	5.0	3.5	6.2	6.9	7.3	7.6
Capacity Building Systems	2.0	–	–	19.0	5.7	6.0	6.3
Disaster Management	41.9	37.6	26.1	38.2	35.5	41.6	43.8
Municipal Performance Monitoring and Support	7.3	11.5	12.8	12.6	12.4	13.1	13.7
Municipal Leadership Development Programme	2.0	6.1	7.6	6.4	5.3	5.6	5.9
Anti-Corruption	2.3	2.8	2.4	4.4	4.6	4.9	5.1
Local Government Equity and Development	0.6	6.0	12.2	9.0	9.9	16.1	16.6
Project Consolidate	–	24.4	19.2	–	14.9	15.7	16.4
<b>Total</b>	<b>83.4</b>	<b>98.7</b>	<b>89.6</b>	<b>106.3</b>	<b>106.3</b>	<b>121.7</b>	<b>127.4</b>
Change to 2008 Budget estimate				(2.1)	(12.8)	(3.9)	(5.8)
<b>Economic classification</b>							
<b>Current payments</b>	<b>75.7</b>	<b>90.7</b>	<b>88.1</b>	<b>104.6</b>	<b>104.6</b>	<b>119.9</b>	<b>125.7</b>
Compensation of employees	21.3	25.9	30.1	37.0	44.5	46.9	49.6
Goods and services	54.4	64.8	58.0	67.6	60.0	73.0	76.1
of which:							
Advertising	2.0	5.2	4.6	2.3	3.3	2.6	2.8
Assets less than R5 000	0.1	0.1	0.2	0.7	0.3	0.8	0.9
Catering: Departmental activities	0.2	0.5	2.9	1.4	0.9	1.6	1.7
Communication	0.1	0.6	0.5	3.2	1.3	3.6	3.8
Computer services	0.8	2.2	0.3	3.1	2.7	3.4	3.6
Consultants and professional services: Business and advisory services	22.2	28.1	23.8	30.8	25.4	27.7	27.6
Consultants and professional services: Legal costs	–	0.6	–	–	–	0.5	0.5
Contractors	0.6	2.5	6.3	2.2	3.5	2.5	2.7
Agency and support / outsourced services	0.3	0.5	0.9	1.7	1.2	2.0	2.1
Inventory: Stationery and printing	0.8	0.9	0.6	2.5	3.6	2.8	3.0
Lease payments	0.0	13.3	6.2	6.2	0.1	7.9	8.3
Travel and subsistence	5.1	8.0	8.9	8.1	11.4	11.8	13.0
Training and development	0.2	0.2	0.3	0.7	0.9	0.9	0.9
Operating expenditure	20.4	0.3	0.6	0.8	2.7	0.9	0.9
Venues and facilities	1.5	1.6	1.8	3.3	2.8	3.7	3.9
<b>Transfers and subsidies</b>	<b>6.7</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>0.0</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	2.0	–	–	–	–	–	–
Non-profit institutions	4.0	–	–	–	–	–	–
Households	0.7	0.0	0.0	–	0.0	–	–
<b>Payments for capital assets</b>	<b>1.0</b>	<b>8.0</b>	<b>1.5</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>	<b>1.7</b>
Machinery and equipment	0.9	0.6	0.8	1.7	1.7	1.8	1.7
Software and other intangible assets	0.0	7.4	0.7	–	–	–	–
<b>Total</b>	<b>83.4</b>	<b>98.7</b>	<b>89.6</b>	<b>106.3</b>	<b>106.3</b>	<b>121.7</b>	<b>127.4</b>



Table 29.7 Systems and Capacity Building (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>2.0</b>	–	–	–	–	–	–
Council of Geoscience	2.0	–	–	–	–	–	–
<b>Non-profit institutions</b>							
<b>Current</b>	<b>4.0</b>	–	–	–	–	–	–
The South African Red Cross Society	4.0	–	–	–	–	–	–

## Expenditure trends

Expenditure increased from R83.4 million in 2005/06 to R106.3 million in 2008/09 at an average annual rate of 8.4 per cent, mainly due to activities around capacity building systems, local government equity and development, and disaster management.

Over the MTEF period, expenditure is expected to grow at an average annual rate of 6.2 per cent to reach R127.4 million in 2011/12. This growth is intended to support the preparations for the 2010 FIFA World Cup, provide proactive and responsive disaster management capacity, implement the five-year local government strategic agenda, and allow for hands-on technical assistance to municipalities.

The *Capacity Building Systems* subprogramme received an allocation of R19 million in 2008/09 to address Project Consolidate interventions incorporated into this subprogramme. However, because these interventions have not yet been finalised, funds are shifted back to the *Project Consolidate* subprogramme over the medium term to cater for the remaining expenditure.

## Programme 5: Free Basic Services and Infrastructure

- *Management*.
- *Municipal Infrastructure* manages the implementation of the municipal infrastructure grant.
- *Free Basic Services Coordination* helps municipalities implement free basic services.
- *Municipal Services Partnerships* promotes the participation of the private sector, the public sector, non-governmental organisations and community based organisations in service delivery.
- *Public Participation and Empowerment* facilitates effective interaction and communication between municipalities and communities.

Funding in all subprogrammes will mainly be used for salaries, and other personnel related costs.

## Objectives and measures

- Improve municipal infrastructure investment and access to basic services by supporting the development and implementation of infrastructure plans of 26 municipalities.
- Provide informed and efficient service delivery to indigent households by strengthening the capacity of 3 provinces to adequately support municipalities in assessing and implementing indigent policies and managing credible indigent registers.
- Strengthen community participation and representation in ward committees by finalising and coordinating the implementation of a ward committee funding model in 3 provinces to enable municipalities to budget for and prioritise the functionality of their ward committees.
- Improve partnerships with municipalities by facilitating awareness and contribution of the private sector and community based organisations to municipal infrastructure and service delivery programmes in 3 provinces.

## Service delivery and spending focus

Over the MTEF period, this programme broadens access to infrastructure that will enable provision of free basic services to households that were not served previously. Investment in municipal infrastructure has increased significantly, and the allocated municipal infrastructure grant funds were spent in 2007/08. During the first quarter of 2008/09, the grant funds were used to provide basic water infrastructure to 21 234 households; basic sanitation infrastructure to 12 900 households; and roads infrastructure that benefited 8 120 households.

With targeted support on integrated development planning, all 283 municipalities have now been able to adopt their integrated development plans by the legislative deadline. In 2008/09, the department developed a funding model and implementation guidelines, which aim to support provinces and municipalities to prioritise and budget for ward based development and ward committee operations.

The department assisted 89 municipalities to develop and implement anti-corruption strategies during 2007/08. Specific technical assistance was provided in the areas of procurement, housing, employment practices and customer care hotlines. The department coordinated this initiative and implemented it with the help of the South African Local Government Association, provincial governments and donors.

## Expenditure estimates

**Table 29.8 Free Basic Services and Infrastructure**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	3.3	2.4	1.6	2.6	4.0	4.3	4.5
Municipal Infrastructure	25.2	25.1	20.1	26.4	24.9	26.6	29.7
Free Basic Services Coordination	4.2	3.4	4.2	5.5	6.0	6.5	6.7
Municipal Service Partnerships	2.7	3.7	3.5	3.7	4.0	4.3	4.5
Public Participation and Empowerment	2.4	2.0	5.2	3.0	2.9	5.6	6.2
<b>Total</b>	<b>37.8</b>	<b>36.6</b>	<b>34.5</b>	<b>41.1</b>	<b>41.9</b>	<b>47.2</b>	<b>51.5</b>
Change to 2008 Budget estimate				(0.3)	(4.6)	(2.0)	(0.7)
<b>Economic classification</b>							
<b>Current payments</b>	<b>36.9</b>	<b>35.7</b>	<b>34.2</b>	<b>39.2</b>	<b>41.9</b>	<b>46.2</b>	<b>50.3</b>
Compensation of employees	15.1	16.4	15.8	20.3	24.8	25.6	26.0
Goods and services	21.8	19.3	18.4	18.9	17.1	20.6	24.2
of which:							
Advertising	0.3	0.9	2.6	0.1	0.0	0.1	0.1
Bursaries (employees)	–	–	–	–	–	2.5	3.0
Catering: Departmental activities	0.2	0.2	0.5	0.5	0.4	0.5	0.6
Consultants and professional services: Business and advisory services	13.3	9.2	5.3	9.3	10.0	6.5	8.0
Contractors	0.0	0.3	0.5	0.2	0.0	0.2	0.2
Agency and support / outsourced services	0.6	1.3	1.2	0.3	0.3	0.3	0.3
Inventory: Stationery and printing	0.6	0.1	0.2	1.1	0.4	1.8	1.9
Lease payments	0.1	0.3	0.2	0.6	0.2	0.7	0.7
Travel and subsistence	4.0	3.9	3.6	4.8	3.3	4.9	6.2
Training and development	0.0	0.1	0.3	0.3	0.2	0.4	0.5
Operating expenditure	0.3	0.3	0.1	0.4	0.0	0.5	0.5
Venues and facilities	1.8	2.2	3.4	1.1	1.2	1.8	1.9
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>0.9</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Households	–	–	–	0.9	–	–	–
<b>Payments for capital assets</b>	<b>0.8</b>	<b>0.9</b>	<b>0.4</b>	<b>1.0</b>	<b>0.1</b>	<b>1.1</b>	<b>1.3</b>
Machinery and equipment	0.7	0.6	0.2	1.0	0.1	1.1	1.3
Software and other intangible assets	0.1	0.3	0.1	–	–	–	–
<b>Total</b>	<b>37.8</b>	<b>36.6</b>	<b>34.5</b>	<b>41.1</b>	<b>41.9</b>	<b>47.2</b>	<b>51.5</b>

## Expenditure trends

Expenditure increased at an average annual rate of 2.8 per cent between 2005/06 and 2008/09. It is expected to rise further over the MTEF period, to reach R51.5 million in 2011/12, increasing at an average annual rate of 7.8 per cent.

Spending in the *Public Participation and Empowerment* subprogramme is expected to increase at an average annual rate of 27 per cent over the medium term, to fund the appointment of additional field workers to monitor the rollout of free basic services. Moreover, the expenditure will be used to support the remaining 97 Project Consolidate municipalities with the assessment of indigent policies.

## Programme 6: Provincial and Local Government Transfer

The two subprogrammes, *Provincial Transfers* and *Local Government Transfers*, make transfers to provinces and local government. For 2008/09, funds have only been provided for local government transfers, as follows:

- *Equitable Share* - the share of nationally raised revenue which is payable to the local government sphere in terms of section 214 of the Constitution.
- *Municipal Systems Improvement Programme* - to assist municipalities with building in-house capacity to perform their functions and stabilise institutional and governmental systems.
- *Municipal Infrastructure Grant* - to supplement municipal capital budgets to eradicate the backlog in municipal infrastructure for providing basic services to poor households.

## Objectives and measures

- Manage conditional grants transfers to municipalities according to the payment schedule and the requirements of the Division of Revenue Act.

## Expenditure estimates

**Table 29.9 Provincial and Local Government Transfers**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Provincial transfers							
Disaster relief	40.7	–	–	–	–	–	–
Local government transfers							
Equitable share	9 643.3	18 057.9	20 675.6	25 559.7	23 846.5	29 267.7	31 889.9
Municipal systems improvement programme	200.0	200.0	200.0	200.0	200.0	212.0	224.7
Municipal infrastructure grant	5 436.2	5 938.4	8 754.1	9 378.9	11 084.9	12 528.9	15 068.6
Disaster relief	311.0	–	–	47.0	–	–	–
<b>Total</b>	<b>15 631.2</b>	<b>24 196.3</b>	<b>29 629.8</b>	<b>35 185.6</b>	<b>35 131.4</b>	<b>42 008.6</b>	<b>47 183.2</b>
Change to 2008 Budget estimate				1 439.9	(5 554.5)	(6 077.5)	(3 788.1)

### Economic classification

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>15 631.2</b>	<b>24 196.3</b>	<b>29 629.8</b>	<b>35 185.6</b>	<b>35 131.4</b>	<b>42 008.6</b>	<b>47 183.2</b>
Provinces and municipalities	15 631.2	24 196.3	29 629.8	35 185.6	35 131.4	42 008.6	47 183.2
<b>Total</b>	<b>15 631.2</b>	<b>24 196.3</b>	<b>29 629.8</b>	<b>35 185.6</b>	<b>35 131.4</b>	<b>42 008.6</b>	<b>47 183.2</b>

### Details of selected transfers and subsidies

<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Current</b>	<b>40.7</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Disaster relief grant	40.7	–	–	–	–	–	–
<b>Capital</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>29.7</b>	<b>–</b>	<b>–</b>	<b>–</b>
Internally displaced people management grant	–	–	–	29.7	–	–	–

**Table 29.9 Provincial and Local Government Transfers (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>10 154.3</b>	<b>18 257.9</b>	<b>20 875.6</b>	<b>25 759.7</b>	<b>24 046.5</b>	<b>29 479.7</b>	<b>46 958.5</b>
Disaster relief grant	311.0	–	–	–	–	–	–
Local government equitable share	9 643.3	18 057.9	20 675.6	25 559.7	23 846.5	29 267.7	31 889.9
Municipal systems improvement grant	200.0	200.0	200.0	200.0	200.0	212.0	15 068.6
<b>Capital</b>	<b>5 436.2</b>	<b>5 938.4</b>	<b>8 754.1</b>	<b>9 396.2</b>	<b>11 084.9</b>	<b>12 528.9</b>	<b>224.7</b>
Municipal infrastructure grant	5 436.2	5 938.4	8 754.1	9 378.9	11 084.9	12 528.9	224.7
Internally displaced people management grant	–	–	–	17.3	–	–	–

## Expenditure trends

Expenditure in this programme is dominated by transfer payments, which account for 98.7 per cent of departmental spending in 2008/09. Spending in transfers and subsidies increased by an average annual rate of 31.1 per cent between 2005/06 and 2008/09, and is expected to increase at an average annual rate of 10.3 per cent to reach R47.2 billion in 2011/12.

The biggest portion of expenditure is on the local government equitable share, which continues to be an integral funding instrument for supplementing municipal own revenue for the provision of free basic services to poor households and to fund institutional capacity and support for weaker municipalities in poorer areas. Over the medium term, total programme spending is expected to increase at an average annual rate of 10.3 per cent to reach R47.2 billion in 2011/12.

## Programme 7: Fiscal Transfers

The subprogrammes make transfers to the following entities in terms of their founding agreements or the relevant legislation:

- *South African Local Government Association* represents the local sphere of government and is recognised in terms of the Organised Local Government Act (1997).
- *Municipal Demarcation Board* is a constitutional body established in terms of the Municipal Demarcation Board Act (1998).
- *Municipal Infrastructure Investment Unit* played a leading role in developing municipal services partnerships to accelerate the equitable delivery of municipal services. The unit is being wound up and will be de-listed as a public entity.
- *South African Cities Network* was established to further cooperation between South African cities and maximise benefits through the exchange of information.
- *The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities* is a constitutional body established in terms of the Cultural, Religious and Linguistic Communities Act (2002).
- *Commission on Traditional Leadership Disputes and Claims* was established in terms of the Traditional Leadership Framework Governance Act (2003).
- *National House of Traditional Leaders* was established by legislation, in terms of the Constitution, to represent the interests of the traditional community and advise government.

## Objectives and measures

- Oversee entities reporting to the minister by monitoring legal compliance and delivery on mandates against financial and performance indicators.

## Expenditure estimates

Table 29.10 Fiscal Transfers

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
South African Local Government Association	18.4	19.5	20.5	22.1	23.3	24.6	26.1
Municipal Demarcation Board	25.0	16.8	20.7	25.4	34.6	37.2	39.4
Municipal Infrastructure Investment Unit	11.2	—	—	—	—	—	—
South African Cities Network	1.5	1.6	4.4	4.7	4.8	5.1	5.4
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	11.3	13.4	15.4	20.0	20.3	21.4	22.7
Commission on Traditional Leadership Disputes and Claims	6.3	10.0	10.6	14.1	9.9	10.5	11.1
National House of Traditional Leaders	8.7	9.5	13.2	12.5	9.2	18.7	21.1
<b>Total</b>	<b>82.4</b>	<b>70.8</b>	<b>84.7</b>	<b>98.7</b>	<b>102.0</b>	<b>117.5</b>	<b>125.8</b>
Change to 2008 Budget estimate				6.7	(1.2)	7.4	9.2

## Economic classification

<b>Current payments</b>	<b>14.7</b>	<b>19.5</b>	<b>23.7</b>	<b>26.6</b>	<b>17.2</b>	<b>29.2</b>	<b>32.2</b>
Compensation of employees	2.0	4.1	5.7	6.9	6.4	6.7	9.8
Goods and services	12.7	15.4	18.0	19.6	10.8	22.5	22.4
<i>of which:</i>							
Administrative fees	0.0	0.1	0.0	0.0	0.0	—	—
Advertising	0.1	—	0.2	0.1	0.0	0.1	0.1
Assets less than R5 000	0.1	0.2	0.0	0.0	0.0	0.1	0.1
Catering: Departmental activities	0.4	0.7	0.7	1.0	0.8	0.6	0.6
Communication	0.3	0.5	0.6	0.7	0.6	0.7	0.7
Consultants and professional services: Business and advisory services	4.1	5.3	6.2	7.6	3.4	8.9	9.2
Consultants and professional services: Legal costs	—	0.9	0.2	2.5	0.9	2.9	2.3
Contractors	0.1	0.1	0.1	0.0	0.1	0.0	0.0
Agency and support / outsourced services	0.2	0.0	0.2	0.1	—	0.1	0.2
Entertainment	—	0.0	—	0.0	0.0	0.0	0.0
Inventory: Fuel, oil and gas	—	—	0.0	—	—	—	—
Inventory: Learner and teacher support material	—	—	—	0.0	—	—	—
Inventory: Materials and supplies	0.0	0.0	—	0.0	—	0.0	0.0
Inventory: Medical supplies	—	—	0.0	0.0	—	0.0	0.0
Inventory: Other consumables	0.0	0.0	—	0.0	0.0	0.0	0.0
Inventory: Stationery and printing	0.2	0.0	0.1	0.1	0.1	0.1	0.1
Lease payments	0.1	0.1	0.3	0.2	0.1	0.2	0.2
Owned and leasehold property expenditure	0.0	0.0	—	—	—	—	—
Travel and subsistence	6.0	7.3	9.1	6.8	4.4	8.0	8.1
Training and development	—	0.0	0.0	0.1	0.1	0.1	0.1
Operating expenditure	0.2	0.1	0.1	0.0	—	0.0	0.0
Venues and facilities	0.8	0.1	0.1	0.3	0.4	0.6	0.6
<b>Transfers and subsidies</b>	<b>67.4</b>	<b>51.3</b>	<b>61.0</b>	<b>72.2</b>	<b>84.8</b>	<b>88.3</b>	<b>93.6</b>
Provinces and municipalities	0.0	0.0	—	—	—	—	—
Departmental agencies and accounts	65.9	49.7	56.6	67.5	78.1	83.2	88.2
Non-profit institutions	1.5	1.6	4.4	4.7	4.8	5.1	5.4
Households	—	0.0	—	—	1.8	—	—
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Machinery and equipment	0.3	0.0	0.0	—	—	—	—
<b>Total</b>	<b>82.4</b>	<b>70.8</b>	<b>84.7</b>	<b>98.7</b>	<b>102.0</b>	<b>117.5</b>	<b>125.8</b>

**Table 29.10 Fiscal Transfers (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>65.9</b>	<b>49.7</b>	<b>56.6</b>	<b>67.5</b>	<b>78.1</b>	<b>83.2</b>	<b>88.2</b>
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	11.3	13.4	15.4	20.0	20.3	21.4	22.7
Municipal Demarcation Board	25.0	16.8	20.7	25.4	34.6	37.2	39.4
Municipal Infrastructure Investment Unit	11.2	–	–	–	–	–	–
South African Local Government Association	18.4	19.5	20.5	22.1	23.3	24.6	26.1
<b>Non-profit institutions</b>							
<b>Current</b>	<b>1.5</b>	<b>1.6</b>	<b>4.4</b>	<b>4.7</b>	<b>4.8</b>	<b>5.1</b>	<b>5.4</b>
South African Cities Network	1.5	1.6	4.4	4.7	4.8	5.1	5.4
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>–</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>1.8</b>	<b>–</b>	<b>–</b>
National House of Traditional Leaders: Payments as an act of grace	–	0.0	–	–	1.8	–	–

## Expenditure trends

Expenditure increased from R82.4 million in 2005/06 to R98.7 million in 2008/09 at an average annual rate of 6.2 per cent. It is expected to increase at a further average annual rate of 8.4 per cent over the medium term to reach R125.8 million in 2011/12. The higher growth over the later period is due to increased transfers to the National House of Traditional Leaders (103.9 per cent in 2010/11) and the Municipal Demarcation Board (35.9 per cent in 2009/10).

## Additional tables

**Table 29.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	130.6	137.9	143.7	150.2	0.5	150.7	150.0
2. Governance, Policy and Research	30.6	43.3	38.8	44.4	(0.8)	43.7	42.4
3. Urban and Rural Development	11.3	10.7	8.6	11.6	1.3	12.9	11.6
4. Systems and Capacity Building	126.2	95.1	89.6	108.4	(2.1)	106.3	104.2
5. Free Basic Services and Infrastructure	42.1	40.4	34.5	41.4	(0.3)	41.1	37.0
6. Provincial and Local Government Transfers	28 424.2	29 629.8	29 629.8	33 745.8	1 439.9	35 185.6	34 426.4
7. Fiscal Transfers	79.3	79.6	84.7	92.0	6.7	98.7	98.7
<b>Total</b>	<b>28 844.2</b>	<b>30 036.8</b>	<b>30 029.7</b>	<b>34 193.9</b>	<b>1 445.1</b>	<b>35 639.0</b>	<b>34 870.2</b>

  

Economic classification							
<b>Current payments</b>	<b>352.1</b>	<b>339.0</b>	<b>329.7</b>	<b>370.3</b>	<b>1.2</b>	<b>371.6</b>	<b>362.1</b>
Compensation of employees	149.3	141.3	128.1	166.4	(12.0)	154.3	152.3
Goods and services	202.8	197.7	200.0	204.0	13.2	217.2	209.7
Financial transactions in assets and liabilities	—	—	1.6	—	0.0	0.0	0.0
<b>Transfers and subsidies</b>	<b>28 486.8</b>	<b>29 692.4</b>	<b>29 692.1</b>	<b>33 816.7</b>	<b>1 442.6</b>	<b>35 259.4</b>	<b>34 500.1</b>
Provinces and municipalities	28 425.8	29 631.4	29 629.8	33 746.0	1 440.0	35 186.0	34 426.7
Departmental agencies and accounts	56.6	56.6	56.6	66.0	1.5	67.5	67.5
Public corporations and private enterprises	0.1	0.1	0.4	0.1	—	0.1	0.1
Foreign governments and international organisations	—	—	0.1	—	—	—	—
Non-profit institutions	4.4	4.4	4.5	4.7	—	4.7	4.7
Households	—	0.0	0.8	—	1.1	1.1	1.1
<b>Payments for capital assets</b>	<b>5.3</b>	<b>5.3</b>	<b>7.8</b>	<b>6.8</b>	<b>1.3</b>	<b>8.1</b>	<b>8.1</b>
Machinery and equipment	5.3	5.3	6.8	6.8	1.3	8.1	8.1
Software and intangible assets	—	—	1.1	—	—	—	—
<b>Total</b>	<b>28 844.2</b>	<b>30 036.8</b>	<b>30 029.7</b>	<b>34 193.9</b>	<b>1 445.1</b>	<b>35 639.0</b>	<b>34 870.2</b>

**Table 29.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	99.3	116.2	128.1	154.3	195.5	204.7	218.7
Unit cost (R million)	0.2	0.3	0.3	0.3	0.3	0.4	0.4
Personnel numbers (head count)	399	415	509	524	581	581	581
<b>Interns</b>							
Compensation of interns (R million)	0.1	—	—	—	0.4	0.5	0.5
Unit cost (R million)	0.0	—	—	—	0.0	0.0	0.0
Number of interns	12	—	26	30	32	34	36
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>99.4</b>	<b>116.2</b>	<b>128.1</b>	<b>154.3</b>	<b>195.9</b>	<b>205.2</b>	<b>219.2</b>
<b>Unit cost (R million)</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>
<b>Personnel numbers (head count)</b>	<b>411</b>	<b>415</b>	<b>535</b>	<b>554</b>	<b>613</b>	<b>615</b>	<b>617</b>



**Table 29.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	99.4	116.2	141.3	166.4	176.9	188.1	201.1
Training expenditure (R million)	1.4	1.7	2.3	1.7	1.8	1.9	2.0
Training as percentage of compensation	1.4%	1.4%	1.6%	1.0%	1.0%	1.0%	1.0%
Total number trained in department (head count)	570	331	501	–			
of which:							
Learnerships trained (head count)	6	–	–	–			
Internships trained (head count)	–	–	26	–			

**Table 29.D Summary of conditional grants to provinces and municipalities<sup>1</sup>**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
<b>Conditional grants to provinces</b>							
Disaster relief grant	40.7	–	–	–	–	–	–
Internally displaced people management grant	–	–	–	29.7	–	–	–
<b>Total</b>	<b>40.7</b>	<b>–</b>	<b>–</b>	<b>29.7</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Conditional grants to municipalities</b>							
Municipal systems improvement grant	200.0	200.0	200.0	200.0	200.0	212.0	224.7
Municipal infrastructure grant	5 436.2	5 938.4	8 754.1	9 378.9	11 084.9	12 528.9	15 068.6
Disaster relief grant	311.0	–	–	–	–	–	–
Internally displaced people management grant	–	–	–	17.3	–	–	–
<b>Total</b>	<b>5 947.2</b>	<b>6 138.4</b>	<b>8 954.1</b>	<b>9 596.2</b>	<b>11 284.9</b>	<b>12 740.9</b>	<b>15 293.3</b>

1. Detail provided in the Division of Revenue Act (2009)

Table 29.E Summary of donor funding

Table 20.12: Summary of donor financing												
Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2008/09	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
Foreign												
In cash												
Danish International Development Agency	Project Consolidate - knowledge management	Systems and Capacity Building	5 375	Goods and services	Experiences of Project Consolidate captured on the database for use in local government transformation	-	-	-	1 678	-	-	-
European Union (EU)	Masibambane	Free Basic Services and Infrastructure	6 779	Goods and services	Supporting municipal urban renewal programmes	159	15 033	6 034	11 779	-	-	-
In kind												
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Strengthening local governance support programme	Governance, Policy and Research	53 750	Goods and services	Improving municipal service delivery, improving resilience and vibrancy of local economies, and strengthening local democracy	9 630	10 138	29 718	53 750	54 000	33 750	26 250
United Kingdom Department for International Development	Consolidation of municipal transformation programme	Governance, Policy and Research	2 934	Goods and services	Implementing a leadership programme, developing international relations and official development assistance knowledge management system. Developing scenarios for a viable district system, training municipalities on intergovernmental policy, and implementing anti-corruption and HIV and AIDS strategies	-	3 298	12 345	2 934	-	-	-
United States Agency for International Development	Local government support programme	Free Basic Services and Infrastructure	13 827	Goods and services	Training and implementing anti-corruption measures, facilitating public participation, rolling out a comprehensive infrastructure plan nationwide, implementing a performance management system, and improving local governance in the Democratic Republic of the Congo	14 854	10 858	41 462	13 827	-	-	-
Local												
In cash												
African Renaissance Fund	Democratic Republic of Congo - Decentralization	Governance, Policy and Research	11 673	Goods and services	Number of national coordination structures and provinces strengthened	-	-	-	11 673	-	-	-
Total			94 338			24 643	39 327	89 559	95 641	54 000	33 750	26 250

Table 29.F Summary of expenditure on infrastructure

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
					2005/06	2006/07		2007/08	2009/10	2010/11	2011/12
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)											
	Municipal infrastructure grant	Water, sanitation; roads and electricity		–	5 436.2	5 938.4	8 754.1	9 378.9	11 084.9	12 528.9	15 068.6
	Disaster relief	Municipalities that were destroyed by fire or storms		–	351.7	–	–	47.0	–	–	–
Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)											
	Municipal systems improvement programme	Building in-house capacity		–	200.0	200.0	200.0	200.0	200.0	212.0	224.7
Total				–	5 987.9	6 138.4	8 954.1	9 625.9	11 284.9	12 740.9	15 293.3



# Vote 30

## Public Enterprises

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	78.8	76.9	0.7	1.3	82.3	87.9
Energy and Broadband Enterprises	1 957.6	11.4	1 946.3	–	148.7	12.7
Legal, Governance, Risk and Transactions	152.8	23.7	129.1	–	24.3	25.7
Manufacturing Enterprises	8.5	8.5	–	–	9.1	9.6
Transport Enterprises	1 566.0	16.9	1 549.1	–	16.2	14.7
Joint Project Facility	33.7	33.7	–	–	31.3	33.0
<b>Total expenditure estimates</b>	<b>3 797.3</b>	<b>171.0</b>	<b>3 625.1</b>	<b>1.3</b>	<b>311.9</b>	<b>183.6</b>
Executive authority	Minister of Public Enterprises					
Accounting officer	Director-General of Public Enterprises					
Website address	www.dpe.gov.za					

### Aim

*The aim of the Department of Public Enterprises is to provide effective shareholder management of state owned enterprises that report to the department and support and promote economic efficiency and competitiveness for a better life for all South Africans.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Achieve the department's strategic objectives through providing overarching management and key supporting functions and processes.

#### Programme 2: Energy and Broadband Enterprises

**Purpose:** Align and timeously monitor the corporate strategies and performance of Eskom, Pebble Bed Modular Reactor and Broadband Infraco against government's strategic intent and associated performance targets.

#### Programme 3: Legal, Governance, Risk and Transactions

**Purpose:** Align corporate governance, risk management practices and significant and material transactions of state owned enterprises with government objectives and requirements and applicable legislation, litigation and transactions management.

#### Programme 4: Manufacturing Enterprises

**Purpose:** Align and timeously monitor the corporate strategies and performance of Denel and the South African Forestry Company Limited against government's strategic intent and performance targets.

## **Programme 5: Transport Enterprises**

**Purpose:** Align and timeously monitor the corporate strategies and performance of Transnet, South African Airways and South African Express Airways against government's strategic intent and performance targets.

## **Programme 6: Joint Project Facility**

**Purpose:** Leverage the assets, activities and/or capabilities of the state owned enterprises to the benefit of state owned enterprises and the economy as a whole.

## **Strategic overview: 2005/06 – 2011/12**

The Department of Public Enterprises provides shareholder management of nine state owned enterprises: Alexkor, Broadband Infraco, Denel, Eskom, Pebble Bed Modular Reactor, the South African Forestry Company, South African Airways, South African Express Airways and Transnet.

One of the department's key activities is to monitor the performance and financial and operational stability of the state owned enterprises to promote efficiency and investment in strategically important sectors of the economy. To this end, the enterprises are required to submit standardised corporate plans, quarterly reports and annual reports for assessment. The corporate plans are evaluated to determine whether the strategies and financial plans are consistent, coherent and aligned with government objectives. The department assesses the forecasts to determine whether enterprises require government financial support in the form of funding for recapitalisation, or borrowing guarantees. Quarterly and annual reports are analysed to determine whether strategic objectives have been met, and to highlight any emerging risks. The department also monitors the enterprises' compliance with the Public Finance Management Act (1999) and National Treasury Regulations.

A chief investment and portfolio manager post was created to focus on portfolio management and shareholder investment. A new electronic dashboard system was implemented, which enables timely reporting by state owned enterprises and rapid access to information in key areas, such as finance, operations, capital investment, intragovernmental policy, socioeconomic impacts and risks. In addition, the department has established various forums to allow for discussion and the implementation of strategies.

### **Investments in key infrastructure, procurement processes and capacity building**

Eskom and Transnet are responsible for large investments in key economic infrastructure in the electricity and transport logistics sectors. More than R300 billion has been budgeted for Eskom to invest in upgrading electricity infrastructure over the next five years. This includes constructing new coal fired power stations and refurbishing those that have been mothballed. Transnet's capital expenditure budget amounts to approximately R80.3 billion over the next five years.

Targeting the key electricity and transport logistics sectors for industrial development, the department has implemented a large scale procurement and capacity building programme for Transnet and Eskom. The competitive supplier development programme, launched in 2007, aims to ensure that the large infrastructure investment programmes have an optimal impact on industrial development. The programme's objectives are to improve the competitiveness, capability and capacity of the local supply base, which will in turn lead to savings in procurement costs, better security of supply, improved performance by state owned enterprises, job creation and growth in the local industry.

Following consultations with industry and relevant government departments, Transnet, Pebble Bed Modular Reactor and Eskom have developed supplier development plans. Key performance indicators and targets have been written into shareholder compacts between the department and the state owned enterprises, and regular progress reporting takes place. In addition, the South African power project, a joint initiative with various stakeholders, including the departments of trade and industry and science and technology, is developing and implementing a medium term strategy aimed at optimising the industrial and technological impact of the electricity build programme.

Critical to the success of these initiatives is the development of human capital in both state owned enterprises and supplier networks. In April 2008, the department established the Employment and Skills Development

Agency to establish partnerships with sector education and training authorities, further education training colleges, state owned enterprises and their supplier networks to facilitate work placements for artisan trainees. The agency aims to address the scarce and critical skills shortages relating to the investment programme to support achieving the objectives of the Accelerated and Shared Growth Initiative for South Africa and the Joint Initiative for Priority Skills Acquisition.

### Key policy developments

In 2008, the department proposed the Government Shareholder Management Bill to codify the role and functions of government as a shareholder in state owned enterprises, with a view to optimise the contribution of state owned enterprises to growth and development. The bill includes a framework for a harmonised and consistent approach to state owned enterprises shareholder management and corporate governance across government, as well as measures and initiatives for improving the return on the state's investment in state owned enterprises. The bill also aims to align shareholder management practices with the policy and planning functions of government. Cabinet mandated a ministerial oversight committee to review the draft bill.

### Litigation

The department will continue to monitor the implementation of the deed of settlement in the Richtersveld community's land claim. Litigation is ongoing in the R2.2 billion claim instituted against government and Transnet by the Umthunzi consortium.

A transaction aimed at transferring majority ownership of Komatiland Forests to the private sector was terminated in March 2006 due to concerns raised by the Competition Commission, which will need to be addressed in the current Komatiland Forests privatisation process. Land claims have been registered for about 60 per cent of the state forest land used by Komatiland Forests, and any privatisation transaction should recognise and address the expectations of land claimants. The Londoloza consortium's application for leave to appeal to the Supreme Court's judgement relating to the previous Komatiland Forests privatisation process has been denied. Londoloza has now filed an application for the matter to be heard by the Constitutional Court.

## Selected performance and operations indicators

Table 30.1 Public Enterprises

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of new shareholder compacts signed	Energy and Broadband Enterprises; Legal, Governance, Risk and Transactions; Manufacturing Enterprises; Transport Enterprises	3	4	5	3	8	8	8
Number of new corporate plans reviewed	Energy and Broadband Enterprises; Legal, Governance, Risk and Transactions; Manufacturing Enterprises; Transport Enterprises	6	7	8	5	8	8	8
Number of quarterly financial reviews	Energy and Broadband Enterprises; Legal, Governance, Risk and Transactions; Manufacturing Enterprises; Transport Enterprises	24	28	32	15	32	32	32
Number of projects each year	Joint Project Facility	4	7	13	11	8	8	8



## Expenditure estimates

Table 30.2 Public Enterprises

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	46.3	50.7	66.3	73.1	73.1	78.8	82.3	87.9
2. Energy and Broadband Enterprises	585.3	1 841.4	2 514.3	2 138.0	2 138.0	1 957.6	148.7	12.7
3. Legal, Governance, Risk and Transactions	30.7	105.4	95.8	152.4	152.4	152.8	24.3	25.7
4. Manufacturing Enterprises	2 007.9	577.5	1 159.9	269.4	267.6	8.5	9.1	9.6
5. Transport Enterprises	1.3	3.5	752.1	604.4	604.4	1 566.0	16.2	14.7
6. Joint Project Facility	–	11.4	15.5	32.1	32.1	33.7	31.3	33.0
<b>Total</b>	<b>2 671.5</b>	<b>2 589.8</b>	<b>4 604.0</b>	<b>3 269.4</b>	<b>3 267.5</b>	<b>3 797.3</b>	<b>311.9</b>	<b>183.6</b>
Change to 2008 Budget estimate				261.5	259.6	1 531.7	(4.1)	(2.9)

### Economic classification

<b>Current payments</b>	<b>76.5</b>	<b>100.4</b>	<b>126.6</b>	<b>166.3</b>	<b>166.3</b>	<b>171.0</b>	<b>172.0</b>	<b>182.2</b>
Compensation of employees	42.4	47.2	56.0	68.0	68.0	79.5	85.3	90.4
Goods and services	34.1	53.0	70.5	98.3	98.3	91.5	86.7	91.9
<i>of which:</i>								
Administrative fees	0.2	0.5	0.7	4.3	4.3	5.2	5.7	6.0
Advertising	0.1	0.4	1.5	1.1	1.1	1.3	1.4	1.5
Assets less than R5 000	2.3	0.5	0.6	0.3	0.3	0.4	0.3	0.3
Audit costs: External	1.2	1.4	1.0	1.0	1.0	1.1	1.2	1.3
Bursaries (employees)	0.2	0.2	0.4	0.4	0.4	0.7	0.7	0.8
Catering: Departmental activities	0.4	0.4	1.0	1.5	1.5	1.9	2.0	2.1
Communication	2.9	2.3	2.5	3.1	3.1	2.1	2.2	2.4
Computer services	1.6	1.2	2.4	2.1	2.1	1.8	1.9	2.0
Consultants and professional services:	4.4	19.7	21.0	52.7	52.7	42.2	35.9	37.5
Business and advisory service								
Consultants and professional services:	0.3	3.1	4.5	4.9	4.9	6.0	5.8	6.2
Legal costs								
Contractors	1.6	0.8	4.4	1.4	1.4	3.5	3.4	3.6
Agency and support / outsourced services	1.3	3.0	5.2	4.3	4.3	4.2	4.1	4.3
Inventory: Stationery and printing	1.3	1.1	2.3	2.3	2.3	2.0	2.1	2.7
Lease payments	4.0	5.4	6.3	1.0	1.0	1.9	2.0	2.1
Owned and leasehold property expenditure	4.7	1.8	0.5	0.6	0.6	–	–	–
Travel and subsistence	5.5	9.3	10.4	11.9	11.9	12.8	13.4	14.2
Training and development	0.6	0.8	1.6	1.8	1.8	2.0	2.1	2.2
Operating expenditure	1.1	0.7	2.0	1.3	1.3	1.1	1.1	1.2
Venues and facilities	0.5	0.4	1.9	2.0	2.0	1.1	1.1	1.2
Financial transactions in assets and liabilities	–	0.1	0.0	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>2 594.0</b>	<b>2 486.7</b>	<b>4 473.9</b>	<b>3 102.2</b>	<b>3 100.3</b>	<b>3 625.1</b>	<b>139.3</b>	<b>0.8</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–	–
Departmental agencies and accounts	0.4	3.6	–	–	–	–	–	–
Public corporations and private enterprises	2 593.4	2 482.5	4 473.3	3 101.5	3 099.6	3 624.5	138.6	–
Households	0.1	0.6	0.6	0.7	0.7	0.7	0.7	0.8
<b>Payments for capital assets</b>	<b>0.9</b>	<b>2.7</b>	<b>3.5</b>	<b>0.9</b>	<b>0.9</b>	<b>1.3</b>	<b>0.6</b>	<b>0.6</b>
Machinery and equipment	0.9	2.5	2.4	0.9	0.9	1.3	0.6	0.6
Software and other intangible assets	0.0	0.2	1.1	–	–	–	–	–
<b>Total</b>	<b>2 671.5</b>	<b>2 589.8</b>	<b>4 604.0</b>	<b>3 269.4</b>	<b>3 267.5</b>	<b>3 797.3</b>	<b>311.9</b>	<b>183.6</b>

## Expenditure trends

Expenditure increased from R2.7 billion in 2005/06 to R3.3 billion in 2008/09 at an average annual rate of 7 per cent due to transfer payments to state owned enterprises. These were for both capital and current expenditure. Combined, transfer payments to state owned enterprises grew at an average annual rate of 6.1 per cent, from R2.6 billion in 2005/06 to R3.1 billion in 2008/09.

The following transfer payments were made from 2005/06 to 2008/09:

- Denel: R4 billion (including R480 million indemnity claims)
- Alexkor: R298.2 million
- Pebble Bed Modular Reactor: R6 billion (including VAT)
- South African Airways: R744.4 million
- Broadband Infraco: R1 billion for establishment and operational costs
- Transnet: R140 million for the purchase and transfer to government of South African Express Airways
- South African Express Airways: R445 million for recapitalisation, of which R40 million was for working capital and R405 million to make certain payments for existing aircraft.

The joint project facility was also funded from the budget for the first time in 2006/07, receiving R59 million between 2006/07 and 2008/09.

Over the MTEF period, expenditure is expected to decrease at an average annual rate of 61.7 per cent, from R3.3 billion in 2008/09 to R183.6 million in 2011/12. Transfers to state owned enterprises over the medium term amount to R6.9 billion, of which R3.5 billion is allocated to Pebble Bed Modular Reactor, R1.5 billion to South African Airways, R724.1 million to Broadband Infraco and R259.1 million to Alexkor. The significant decline in 2010/11 indicates the end of transfer payments to state owned enterprises, with the only remaining transfer payment of R138.6 million being allocated to Broadband Infraco.

## Savings and reprioritisation

Over the medium term, savings of R30.4 million, R6 million and R4.8 million have been identified in goods and services, and transfer payments to state owned enterprises.

## Departmental receipts

Departmental receipts are accumulated from dividends, proceeds from the sale of state owned enterprises, and minor items such as commissions on insurance premiums and parking.

In 2005/06, dividends of R1.6 billion were received from Eskom. Eskom has not paid dividends since then, as these funds have been reinvested into the planned infrastructure expansion projects for creating more generation capacity. In 2005/06, dividends of R30 million were received from the South African Forestry Company. No further dividends have been received from this entity.

In 2008/09, R435.5 million was received from the Diabo Share Trust, which constituted funds that had not been disbursed to potential beneficiaries. The department will appoint a service provider to accelerate the tracing of beneficiaries.

**Table 30.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>1 011 305</b>	<b>109</b>	<b>69</b>	<b>70</b>	<b>552</b>	<b>70</b>	<b>74</b>	<b>78</b>
Sales of goods and services produced by department	25	33	34	34	34	30	32	34
Sales of scrap, waste, arms and other used current goods	2	–	–	–	1	2	2	2
Interest, dividends and rent on land	1 010 992	19	4	14	495	15	16	17
Sales of capital assets	–	18	–	–	–	–	–	–
Financial transactions in assets and liabilities	286	39	31	22	22	23	24	25
<b>Extraordinary receipts</b>	<b>662 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>435 462</b>	<b>–</b>	<b>–</b>	<b>–</b>
Eskom	662 000	–	–	–	–	–	–	–
Diabo Trust	–	–	–	–	435 462	–	–	–
<b>Total</b>	<b>1 673 305</b>	<b>109</b>	<b>69</b>	<b>70</b>	<b>436 014</b>	<b>70</b>	<b>74</b>	<b>78</b>

## Programme 1: Administration

### Expenditure estimates

Table 30.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.9	0.9	1.0	1.6	1.7	1.8	1.9
Management	12.8	11.3	12.4	18.3	21.3	22.4	23.7
Corporate Services	29.3	34.8	48.5	48.3	50.9	52.6	56.5
Property Management	3.3	3.7	4.4	4.8	4.9	5.4	5.8
<b>Total</b>	<b>46.3</b>	<b>50.7</b>	<b>66.3</b>	<b>73.1</b>	<b>78.8</b>	<b>82.3</b>	<b>87.9</b>
Change to 2008 Budget estimate				7.1	9.3	8.3	1.9

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

  

Economic classification							
<b>Current payments</b>	<b>45.3</b>	<b>47.6</b>	<b>62.3</b>	<b>71.5</b>	<b>76.9</b>	<b>80.9</b>	<b>86.5</b>
Compensation of employees	24.3	23.4	27.2	34.7	38.4	41.1	43.7
Goods and services	21.0	24.1	35.1	36.8	38.4	39.8	42.8
of which:							
Administrative fees	0.1	0.1	0.2	4.3	5.1	5.6	5.9
Advertising	0.1	0.2	1.3	1.1	1.3	1.4	1.5
Assets less than R5 000	1.2	0.5	0.6	0.3	0.4	0.3	0.3
Audit costs: External	1.2	1.4	1.0	1.0	1.1	1.2	1.3
Bursaries (employees)	0.1	0.1	0.1	0.4	0.7	0.7	0.8
Catering: Departmental activities	0.3	0.3	0.8	1.3	1.8	1.9	2.0
Communication	1.8	1.3	2.0	2.5	1.4	1.5	1.6
Computer services	0.6	0.9	2.4	2.1	1.8	1.9	2.0
Consultants and professional services: Business and advisory services	2.4	3.6	1.6	5.7	2.9	3.1	3.2
Contractors	1.5	0.7	4.4	1.4	3.5	3.4	3.6
Agency and support / outsourced services	0.6	1.2	2.2	3.5	4.2	4.1	4.3
Inventory: Stationery and printing	0.9	1.0	2.1	2.3	2.0	2.1	2.7
Lease payments	3.9	5.0	6.2	1.0	1.9	2.0	2.1
Owned and leasehold property expenditure	1.4	1.8	0.5	0.6	–	–	–
Travel and subsistence	3.9	4.7	5.1	5.9	6.6	6.9	7.3
Training and development	0.4	0.7	1.4	1.4	2.0	2.1	2.2
Operating expenditure	0.1	0.4	1.7	1.1	0.8	0.8	0.9
Venues and facilities	0.3	0.1	1.3	0.7	0.6	0.7	0.7
Financial transactions in assets and liabilities	–	0.1	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.2</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.8</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Households	0.1	0.6	0.6	0.7	0.7	0.7	0.8
<b>Payments for capital assets</b>	<b>0.8</b>	<b>2.5</b>	<b>3.4</b>	<b>0.9</b>	<b>1.3</b>	<b>0.6</b>	<b>0.6</b>
Machinery and equipment	0.8	2.3	2.3	0.9	1.3	0.6	0.6
Software and other intangible assets	0.0	0.2	1.1	–	–	–	–
<b>Total</b>	<b>46.3</b>	<b>50.7</b>	<b>66.3</b>	<b>73.1</b>	<b>78.8</b>	<b>82.3</b>	<b>87.9</b>

## Expenditure trends

Expenditure increased from R46.3 million in 2005/06 to R73.1 million in 2008/09 at an average annual average rate of 16.4 per cent. The growth in expenditure was driven by the *Corporate Services* and *Management* subprogrammes, as the department centralised operational expenditure such as IT licences and services, photocopying equipment, training and communication. The establishment of posts for a chief investment portfolio manager and staff in this unit resulted in compensation of employees increasing at an average annual rate of 12.7 per cent, from R24.3 million in 2005/06 to R34.7 million in 2008/09, and goods and services at an average annual rate of 20.5 per cent, from R21 million in 2005/06 to R36.8 million in 2008/09.

Expenditure grows moderately over the MTEF period, at an average annual rate of 6.3 per cent, from R73.1 million in 2008/09 to R87.9 million in 2011/12. This is generally in line with inflation, but also reflects savings resulting from the centralisation of services, such as training, bursaries, IT and leases on equipment.

## Programme 2: Energy and Broadband Enterprises

- *Management*.
- *ICT Broadband Sector* provides oversight of Broadband Infraco. Funding is disbursed on the basis of an annual business plan and service level agreement between the department and the entity.
- *Energy Sector* provides shareholder oversight of Eskom, with an emphasis on security of supply and optimising current operations. Funding is disbursed on the basis of an annual business plan and service level agreement between the department and the entity.
- *Nuclear Sector* provides oversight of Pebble Bed Modular Reactor. Funding is disbursed on the basis of an annual business plan and service level agreement between the department and the entity.
- *Initial Public Offering* includes transfers to the Diabo Share Trust and the Khulisa Trust (where Telkom shares were housed). Funding is disbursed on the basis of annual business plans and service level agreements between the department and these entities.

## Objectives and measures

- Ensure that the corporate strategies of state owned enterprises are aligned with government's strategic intent by reviewing these strategies when necessary, and evaluating business plans annually.
- Ensure that corporate strategies and shareholder compacts are implemented as intended by benchmarking and monitoring the financial, operational and infrastructure targets on a quarterly basis and assessing shareholder and enterprise risks.
- Expand South Africa's ICT infrastructure to improve capacity and lower costs by:
  - expanding Broadband Infraco's national full service network to incorporate the State Information and Technology Agency and other strategic state projects that require broadband, by mid-2008
  - completing the construction of the South Africa-Europe submarine cable by the end of the first quarter of 2010.
- Monitor Eskom's generation adequacy by examining its maintenance and operational practices, distribution efficiency, and capacity expansion programme to ensure delivery of new energy generation capacity.
- Secure long term environmentally sustainable electricity supply through nuclear power generation by:
  - monitoring funding requirements and securing funding for capital projects undertaken by Pebble Bed Modular Reactor
  - monitoring regulatory compliance by Pebble Bed Modular Reactor, including environmental impact assessment recommendations
  - monitoring construction and testing outcomes against Pebble Bed Modular Reactor's business and strategic plans and feasibility studies.

## Service delivery and spending focus

Eskom is responsible for generating, transmitting and distributing electricity. In 2008, the Department of Public Enterprises played a formative role in the national electricity response team, which deals with the electricity

supply crisis. The department requested funding assistance to support Eskom's Cabinet approved accelerated new build programme. R60 billion was allocated as a subordinated loan to Eskom over a 3-year period to support this investment in electricity generation capacity. The department co-authored the Cabinet approved national emergency electricity response plan. The department is also participating in restructuring the electricity distribution industry by supporting a proposed amendment to the Constitution to allow the electricity function to be performed at the national level. All electricity utilities will have to participate in forming the regional electricity distributors.

The department has monitored and facilitated the capital funding requirements for the expansion of South Africa's ICT infrastructure. The Broadband Infraco Act (2007) came into effect in early 2008 and Broadband Infraco was listed as a schedule 2 public entity in terms of the Public Finance Management Act (1999). The department's oversight functions of Broadband Infraco include agreements between parties, assessing the business plan, monitoring the commissioning of the full service network and providing overarching shareholder management.

The department's oversight of Pebble Bed Modular Reactor includes monitoring progress on research into an alternative nuclear electricity generation and process heat technology, as well as the establishment of a demonstration power plant and pilot fuel plant. Pebble Bed Modular Reactor's first annual report was tabled in Parliament in November 2007. The strategic framework for developing the North American market for the entity's intermediate temperature reactor for process heat applications has been approved. This programme is currently focusing on research and testing of safe and efficient nuclear fuel. The National Nuclear Regulator granted the commissioning licence for the advanced coater facility at Pelindaba.

## Expenditure estimates

**Table 30.5 Energy and Broadband Enterprises**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	2.4	3.6	2.1	1.1	1.7	1.8	1.9
ICT Sector Broadband	–	627.0	1.4	378.6	210.6	140.5	2.0
Energy Sector	2.5	2.1	7.8	7.1	6.5	4.7	7.0
Nuclear Sector	580.0	1 205.0	2 503.1	1 751.2	1 738.9	1.6	1.7
Initial Public Offering	0.4	3.6	–	–	–	–	–
<b>Total</b>	<b>585.3</b>	<b>1 841.4</b>	<b>2 514.3</b>	<b>2 138.0</b>	<b>1 957.6</b>	<b>148.7</b>	<b>12.7</b>
Change to 2008 Budget estimate				0.4	(15.6)	(4.6)	(1.0)

### Economic classification

<b>Current payments</b>	<b>4.8</b>	<b>6.3</b>	<b>12.1</b>	<b>11.0</b>	<b>11.4</b>	<b>10.1</b>	<b>12.7</b>
Compensation of employees	4.3	3.5	5.9	5.7	6.4	7.0	7.4
Goods and services	0.6	2.8	6.2	5.3	5.0	3.1	5.3
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory service</i>	0.1	0.7	4.6	3.4	4.0	2.0	4.2
<i>Travel and subsistence</i>	0.2	0.9	0.9	1.4	0.7	0.7	0.8
<b>Transfers and subsidies</b>	<b>580.4</b>	<b>1 835.0</b>	<b>2 502.3</b>	<b>2 127.0</b>	<b>1 946.3</b>	<b>138.6</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	0.4	3.6	–	–	–	–	–
Public corporations and private enterprises	580.0	1 831.4	2 502.3	2 127.0	1 946.3	138.6	–
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	0.0	0.1	–	–	–	–	–
<b>Total</b>	<b>585.3</b>	<b>1 841.4</b>	<b>2 514.3</b>	<b>2 138.0</b>	<b>1 957.6</b>	<b>148.7</b>	<b>12.7</b>

Table 30.5 Energy and Broadband Enterprises (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	–	3.6	–	–	–	–	–
Diabo Trust	–	3.6	–	–	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>580.0</b>	<b>1 831.4</b>	<b>2 502.3</b>	<b>2 127.0</b>	<b>1 946.3</b>	<b>138.6</b>	<b>–</b>
Pebble Bed Modular Reactor	580.0	1 204.4	2 502.3	1 750.0	1 737.8	–	–
Broadband InfraCo	–	627.0	–	377.0	208.5	138.6	–

## Expenditure trends

Spending in this programme is dominated by transfer payments to Pebble Bed Modular Reactor and Broadband InfraCo. Expenditure increased from R585.3 million in 2005/06 to R2.1 billion in 2008/09 at an average annual rate of 54 per cent. Large increases in spending were due to transfer payments of: R627 million for the establishment of Broadband InfraCo in 2006/07, including the purchase of the full service network from Eskom and Transtel; and R1.2 billion in 2006/07 and R2.5 billion in 2007/08 to Pebble Bed Modular Reactor to fund essential contracts for the demonstration plant and the fuel plant.

Expenditure is expected to remain high at R2.1 billion in 2008/09 and just under R2 billion in 2009/10, as Broadband InfraCo and Pebble Bed Modular Reactor continue to receive substantial transfer payments. Expenditure is expected to decrease from R2 billion in 2009/10 to R12.7 million in 2011/12, at an average annual rate of 81.9 per cent, when transfers to entities are ceased.

## Programme 3: Legal, Governance, Risk and Transactions

- *Management.*
- *Legal and Litigation* provides legal services for all commercial transactions involving the department, including, but not limited to, unbundling, shareholder support and establishing state owned enterprises.
- *Governance* develops corporate governance and shareholder management frameworks to improve adherence to good governance principles in all state owned enterprises.
- *Risk Management* identifies, manages and monitors significant risks at the state owned enterprise level and across the state owned enterprises, and establishes and maintains state owned enterprises and shareholder risk management systems.
- *Transactions* deals with significant and material transactions relating to state owned enterprises through a multidisciplinary team drawn from legal, governance, risk and relevant sector programmes.

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

## Objectives and measures

- Complete the transfer of Telkom shares (previously held in Diabo Trust) to intended beneficiaries by appointing a service provider to trace the outstanding beneficiaries.
- Finalise government's exit from Aventura and the South African Forestry Company by disposing of assets such as Komatiland Forests.

- Enhance state owned enterprises' governance practices by:
  - establishing legislative provisions for the governance of strategic state owned enterprises over the MTEF period
  - implementing shareholder guidelines on remuneration, founding documents and shareholder agreements, as well as board member inductions through regular interactions with the governing bodies of state owned enterprises
  - benchmarking risk management practices against industry norms through a quarterly review of performance
  - conducting quarterly assessments of enterprise and shareholder risks
  - measuring improvement in governance by conducting annual governance audits in state owned enterprises.

## Service delivery and spending focus

Aventura was sold in June 2003, but the transaction is still being finalised due to delays in the transfer of properties. The disposal of forestry assets is subject to a resolution of the land claims relating to Komatiland Forests. Once these claims are resolved, government's commercial interest in the South African Forestry Company can be concluded.

A deed of settlement in the land claim lodged by the Richtersveld community against the state and Alexcor was concluded, and confirmed by an order of court. The settlement requires a transfer of assets to the Richtersveld community and the establishment of a joint venture between Alexcor and the community. Progress will be monitored by the department.

The department has consulted widely on proposed interventions to ensure effective oversight and monitoring of state owned enterprises. The Government Shareholder Management Bill was submitted to Cabinet for consideration.

In 2008/09, the department reviewed 5 corporate plans and 15 quarterly reports, and completed the annual risk report for state owned enterprises.

## Expenditure estimates

**Table 30.6 Legal, Governance, Risk and Transactions**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	5.6	2.1	2.2	2.2	2.1	2.2	2.4
Legal and Litigation	0.5	7.7	9.2	10.9	12.9	13.2	14.1
Governance	6.7	5.1	7.5	3.2	2.3	2.5	2.6
Risk Management	2.0	1.6	2.1	4.1	4.4	4.2	4.5
Transactions	15.9	89.0	74.7	132.0	131.0	2.1	2.2
<b>Total</b>	<b>30.7</b>	<b>105.4</b>	<b>95.8</b>	<b>152.4</b>	<b>152.8</b>	<b>24.3</b>	<b>25.7</b>
Change to 2008 Budget estimate				(5.7)	(4.6)	(4.8)	(1.5)
<b>Economic classification</b>							
<b>Current payments</b>	<b>17.2</b>	<b>21.1</b>	<b>23.0</b>	<b>22.4</b>	<b>23.7</b>	<b>24.3</b>	<b>25.7</b>
Compensation of employees	7.3	12.1	12.4	10.8	11.6	12.6	13.2
Goods and services	9.9	9.0	10.6	11.6	12.1	11.7	12.5
of which:							
Assets less than R5 000	1.0	0.0	0.0	–	–	–	–
Communication	0.8	0.3	0.2	0.2	0.2	0.2	0.2
Computer services	0.9	0.1	–	–	–	–	–
Consultants and professional services: Business and advisory services	1.5	2.1	1.7	4.0	4.3	4.1	4.3
Consultants and professional services: Legal costs	0.2	3.1	4.5	4.9	6.0	5.8	6.2
Agency and support / outsourced services	0.3	1.7	2.5	0.0	–	–	–
Owned and leasehold property expenditure	3.3	–	–	–	–	–	–
Travel and subsistence	0.4	1.0	0.9	1.9	1.2	1.3	1.4
Operating expenditure	0.7	0.0	0.1	0.1	0.2	0.2	0.2



Table 30.6 Legal, Governance, Risk and Transactions (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>13.4</b>	<b>84.1</b>	<b>72.7</b>	<b>130.0</b>	<b>129.1</b>	–	–
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Public corporations and private enterprises	13.4	84.1	72.7	130.0	129.1	–	–
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.2</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	0.1	0.2	0.0	–	–	–	–
<b>Total</b>	<b>30.7</b>	<b>105.4</b>	<b>95.8</b>	<b>152.4</b>	<b>152.8</b>	<b>24.3</b>	<b>25.7</b>
<b>Details of selected transfers and subsidies</b>							
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>13.4</b>	<b>82.1</b>	<b>72.7</b>	<b>130.0</b>	<b>129.1</b>	–	–
Alexkor	13.4	82.1	72.7	130.0	129.1	–	–

## Expenditure trends

Expenditure increased from R30.7 million in 2005/06 to R152.4 million in 2008/09 at an average annual rate of 70.6 per cent. The increase in spending was dominated by transfer payments to Alexkor for an exploration programme, operating costs, restructuring and the payment of value added tax on previous government transfers, as well as funding for the Richtersveld land claim settlement agreement.

Expenditure is expected to decrease over the MTEF period at an average annual rate of 44.7 per cent due to the finalisation of the settlement of the Richtersveld community's land claim against the state and Alexkor. Over the medium term, expenditure in the *Legal and Litigation* programme is expected to increase from R10.9 million in 2008/09 to R14.1 million in 2011/12, at an average annual rate of 8.7 per cent, to cover the anticipated legal costs of a number of transactions, including the disposal of the Komatiland Forests by the South African Forestry Company.

## Programme 4: Manufacturing Enterprises

- *Management.*
- *Defence Sector* oversees Denel's financial and strategy implementation. Funding is mainly used for compensation of employees and defence sector analysts, besides the recapitalisation of Denel in previous years.
- *Forestry Sector* monitors the activities of the South African Forestry Company, including forestry management, timber harvesting and processing, both domestically and internationally. Funding is mainly used for compensation of employees, and related expenditure in goods and services.

## Objectives and measures

- Ensure that the corporate strategies of the state owned enterprises are aligned with government's strategic intent by reviewing these strategies when necessary, and evaluating business plans on an annual basis.
- Ensure that corporate strategies and shareholder compacts are implemented as intended by benchmarking and monitoring the financial, operational and infrastructure trends and targets on a quarterly basis, and assessing shareholder and enterprise risks.
- Assist in returning Denel to profitability by 2011/12 by:
  - monitoring the implementation of the turnaround strategy
  - monitoring performance against the 2006 turnaround strategy
  - facilitating the sourcing of 60 per cent of Denel's turnover from the domestic defence market
  - restructuring the Denel subsidiaries to ensure commercial viability.

- Increase the impact of the defence industry by:
  - ensuring strategic alignment between the Department of Defence and Denel
  - facilitating defence related exports through research, incentives and international cooperation, such as establishing a Defence Export Council in 2009.

## Service delivery and spending focus

The Department of Public Enterprises oversees, in particular, Denel's role in supplying South Africa's armed forces with strategic defence capabilities and stimulating the transfer of advanced manufacturing capabilities to the broader manufacturing sector. In October 2008, the department established work groups representing the Department of Defence, Denel and the Armaments Corporation of South Africa to ensure that 60 to 70 per cent of Denel's revenue is derived from South Africa's Department of Defence.

Progress has been made in identifying the defence capabilities that must be retained within South Africa. Moreover, joint task teams comprising representatives from the same bodies will ensure alignment of strategies in future. The committee overseeing the implementation of Denel end state recommendations will introduce a mechanism for placing multiyear orders, and a framework to achieve this has been agreed.

Following the suspension of the Komatiland Forests privatisation process, the primary focus has been on finalising a new 5-year corporate plan and a process to resolve key land claims in areas in which Komatiland Forests operates. The plan outlines key strategic goals and programmes that the South African Forestry Company will implement over the next 5 years, following the prolonged period of planning for privatisation. It will be used to define key performance indicators and the shareholder compact for the company. Approximately 60 per cent of the land on which Komatiland Forests operates is subject to land claims. The Department of Public Enterprises, the Department of Land Affairs and the Department of Water Affairs and Forestry formed an interdepartmental task team to finalise the land claims settlement process.

## Expenditure estimates

**Table 30.7 Manufacturing Enterprises**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	2.4	2.4	1.5	1.3	1.5	1.6	1.7
Forestry Sector	2.8	6.7	0.9	1.5	1.9	2.1	2.2
Defence Sector	2 002.7	568.3	1 157.6	266.5	5.1	5.4	5.8
<b>Total</b>	<b>2 007.9</b>	<b>577.5</b>	<b>1 159.9</b>	<b>269.4</b>	<b>8.5</b>	<b>9.1</b>	<b>9.6</b>
Change to 2008 Budget estimate				257.8	(3.4)	(3.5)	(0.5)

### Economic classification

<b>Current payments</b>	<b>7.9</b>	<b>10.5</b>	<b>6.0</b>	<b>9.9</b>	<b>8.5</b>	<b>9.1</b>	<b>9.6</b>
Compensation of employees	5.8	3.7	3.9	5.1	6.5	7.0	7.3
Goods and services	2.1	6.8	2.0	4.8	2.0	2.1	2.3
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	0.4	3.5	0.7	3.5	1.5	1.6	1.7
<i>Agency and support / outsourced services</i>	0.0	0.1	0.4	0.8	–	–	–
<i>Travel and subsistence</i>	0.8	2.4	0.6	0.2	0.3	0.4	0.4
<i>Training and development</i>	0.1	(0.4)	0.0	0.1	–	–	–
<b>Transfers and subsidies</b>	<b>2 000.0</b>	<b>567.0</b>	<b>1 154.0</b>	<b>259.5</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Public corporations and private enterprises	2 000.0	567.0	1 154.0	259.5	–	–	–
<b>Payments for capital assets</b>	<b>0.0</b>	<b>–</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	0.0	–	0.0	–	–	–	–
<b>Total</b>	<b>2 007.9</b>	<b>577.5</b>	<b>1 159.9</b>	<b>269.4</b>	<b>8.5</b>	<b>9.1</b>	<b>9.6</b>

**Table 30.7 Manufacturing Enterprises (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	-	-	221.0	259.5	-	-	-
Denel	-	-	221.0	259.5	-	-	-
<b>Capital</b>	2 000.0	567.0	933.0	-	-	-	-
Denel	2 000.0	567.0	933.0	-	-	-	-

## Expenditure trends

Expenditure decreased substantially from R2 billion in 2005/06 to R269.4 million in 2008/09 at an average annual rate of 48.8 per cent. This was primarily due to the decrease in transfer payments to Denel. Denel received R2 billion for capitalisation in 2005/06 and R567 million in 2006/07 to further support the entity's turnaround strategy. It received an additional R1.2 billion in 2007/08, comprising R221 million for the payment of a claim for an indemnity granted to Denel/Saab Aerostructures and R933 million as a final capital investment. R259.5 million was allocated to Denel in 2008/09 in respect of a further Denel/Saab Aerostructures indemnity payment.

Programme expenditure is expected to decrease from R269.4 million in 2008/09 to R8.5 million in 2009/10, as no further transfers are provided for, and then stabilise over the two outer years of the MTEF period to reach R9.6 million in 2011/12.

## Public entities

### Denel

#### Strategic overview: 2005/06 – 2011/12

Denel was incorporated as a private company in April 1992, when it separated from the Armaments Corporation of South Africa. At the time, the industrial and manufacturing activities of the latter were integrated into Denel.

Denel's mandate is to supply South Africa's armed forces with strategic and sovereign defence capabilities. In addition, Denel and the local defence industry play a major role in contributing towards advanced manufacturing. Denel's turnaround strategy was initiated in 2005, providing for a shift from major systems development towards the manufacture of subsystems and components for local and global markets. An end state process has been initiated to ensure that Denel becomes a commercially viable manufacturer of subsystems and components. The process involves collaboration between the Department of Public Enterprises, the Department of Defence, the Armaments Corporation of South Africa and Denel.

The formation of partnerships with global defence companies will remain a key part of Denel's strategy to enter export markets. In the aerostructures business, Denel finalised an equity partnership with the Swedish company, Saab, in 2006. Carl Zeiss, a German company, acquired 70 per cent of Denel Optronics in 2007, and Rheinmetall, also a German company, acquired 51 per cent of Denel Munitions in 2008.

## Selected performance and operations indicators

Table 30.8 Denel

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Gross profit margin	-5.9%	-4.7%	15.9%				
Operating cost as percentage of revenue	41.1%	38%	29.5%				
Acid ratio	0.9	0.5	0.8				
Net loss margin	-50.4%	-16.6%	-8.8%				
Current ratio	1.4	0.9	1.2				

## Service delivery and spending focus

In 2008/09, Denel quantified the minimum local Department of Defence orders needed to ensure the viability of its various business units. Work groups comprising representatives from the Department of Defence, Denel and the Armaments Corporation of South Africa are working together to reduce the gap between Department of Defence confirmed orders and the required minimum orders from Denel.

Significant progress has been made in identifying the defence capabilities that must be retained within South Africa.

Moreover, joint task teams comprising representatives from the Department of Public Enterprises, the Department of Defence, Denel, and the Armaments Corporation of South Africa have been established to ensure alignment among key stakeholders.

## Expenditure estimates

Table 30.9 Denel: Activity information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Mechem	139.0	147.0	158.0				
Denel Land System	311.0	320.0	379.0				
Denel Dynamics	595.0	907.0	645.0				
Denel Aviation	748.0	787.0	701.0				
Munitions	1 039.0	1 079.0	1 361.0				
Other activities	1 492.0	709.0	1 224.0				
<b>Total expense</b>	<b>4 324.0</b>	<b>3 949.0</b>	<b>4 468.0</b>				

Table 30.10 Denel: Financial information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>2 961.0</b>	<b>3 400.0</b>	<b>4 121.0</b>				
Sale of goods and services other than capital assets of which:	2 774.0	3 269.0	3 818.0				
Sales by market establishments	2 774.0	3 269.0	3 818.0				
Other non-tax revenue	187.0	131.0	303.0				
<b>Total revenue</b>	<b>2 961.0</b>	<b>3 400.0</b>	<b>4 121.0</b>				
<b>Expenses</b>							
<b>Current expense</b>	<b>4 305.0</b>	<b>3 901.0</b>	<b>4 437.0</b>				
Compensation of employees	2 047.0	1 889.0	2 021.0				
Goods and services	1 910.0	1 692.0	2 167.0				
Depreciation	160.0	138.0	112.0				
Interest, dividends and rent on land	188.0	182.0	137.0				
<b>Total expenses</b>	<b>4 324.0</b>	<b>3 949.0</b>	<b>4 468.0</b>				
<b>Surplus / (Deficit)</b>	<b>(1 363.0)</b>	<b>(549.0)</b>	<b>(347.0)</b>				

**Table 30.10 Denel: Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial position</b>							
Carrying value of assets	1 361.0	949.0	1 116.0				
of which: Acquisition of assets	123.0	115.0	270.0				
Investments	239.0	399.0	360.0				
Inventory	984.0	1 067.0	1 072.0				
Receivables and prepayments	1 363.0	1 751.0	1 629.0				
Cash and cash equivalents	730.0	338.0	964.0				
<b>Total assets</b>	<b>4 677.0</b>	<b>4 504.0</b>	<b>5 141.0</b>				
Accumulated surplus/deficit	615.0	633.0	1 328.0				
Borrowings	846.0	834.0	235.0				
Trade and other payables	1 213.0	1 235.0	1 655.0				
Provisions	1 625.0	1 350.0	1 474.0				
Managed funds	378.0	452.0	449.0				
<b>Total equity and liabilities</b>	<b>4 677.0</b>	<b>4 504.0</b>	<b>5 141.0</b>				

### Expenditure trends

Denel's losses decreased from R1.4 billion in 2005/06 to R729 million in 2008/09, at an average annual rate of 18.8 per cent. Revenue increased from R3 billion in 2005/06 to R3.7 billion in 2008/09 at an average annual rate of 7.2 per cent and is expected to increase to R4.5 billion in 2011/12.

Denel only supplied detailed expenditure information based on audited outcomes.

## Programme 5: Transport Enterprises

- *Management.*
- *Transport Sector* oversees Transnet.
- *Aviation Sector* oversees South African Airways and South African Express Airways.

Funding in these subprogrammes is disbursed on the basis of annual business plans and service level agreements between the department and the state owned enterprises.

### Objectives and measures

- Ensure that the corporate strategies of the state owned enterprises are aligned with government's strategic intent by reviewing these strategies when necessary, and evaluating business plans annually.
- Ensure that corporate strategies and shareholder compacts are implemented as intended by benchmarking and monitoring the financial, operational and infrastructure trends and targets at least quarterly, and by assessing shareholder and enterprise risks.
- Strengthen private sector participation in ports and rail over the medium term through:
  - introducing a private operator for the Ngqura container terminal
  - ensuring access to rail branch lines by private operators.
- Develop a long term strategy for improving the efficiency and performance of investments by state owned enterprises in the transport enterprises by:
  - monitoring progress of the South African Airways restructuring and turnaround strategy by assessing profit margins against targets
  - applying the national corridor performance measurement tools and indicators.

### Service delivery and spending focus

The Department of Public Enterprises oversees Transnet's capital expansion programme and its transformation into a focused freight transport company and the effective operation of its business units: Freight Rail, Rail

Engineering, Pipelines, Port Terminals and the National Ports Authority. In 2008/09, the department approved Transnet's branch line strategy, which includes establishing an entity that will own and manage branch lines. There is agreement on the process for private sector participation in the secondary network and the operating framework for the branch line entity.

Transnet's capital expenditure programme is monitored through the new dashboard for the expansion of capacity and monitoring of operational efficiencies. The national corridor performance measurement requires that an IT system, agreed indicators, and population and monitoring of system data and business intelligence outputs are in place to monitor the performance of national freight corridors.

The department is also monitoring the transformation of South African Airways into a commercially successful national carrier that will contribute to the development of trade and tourism domestically and in the rest of Africa. As part of the process, the department is overseeing the commercialisation of identified business units in South African Airways in preparation of their disposal, or the introduction of equity partners. Monthly monitoring meetings are held between South African Airways, the Department of Public Enterprises and National Treasury on the restructuring and turnaround strategy to compare achievements against planned targets.

It further oversees the establishment of South African Express Airways as a regional carrier with a focus on the African market.

The department drafted and formulated the African aviation strategy to define the role of South African Airways and South African Express Airways in the domestic and regional markets.

## Expenditure estimates

**Table 30.11 Transport Enterprises**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	–	–	0.8	1.1	1.7	1.8	1.9
Transport Sector	1.3	2.3	4.5	11.4	11.1	10.2	8.3
Aviation Sector	–	1.2	746.9	591.9	1 553.3	4.3	4.5
<b>Total</b>	<b>1.3</b>	<b>3.5</b>	<b>752.1</b>	<b>604.4</b>	<b>1 566.0</b>	<b>16.2</b>	<b>14.7</b>
Change to 2008 Budget estimate				(1.3)	1 546.8	(3.8)	(1.0)

### Economic classification

<b>Current payments</b>	<b>1.3</b>	<b>3.5</b>	<b>7.7</b>	<b>19.4</b>	<b>16.9</b>	<b>16.2</b>	<b>14.7</b>
Compensation of employees	0.7	2.2	3.1	5.2	7.7	8.1	8.5
Goods and services	0.6	1.3	4.6	14.2	9.3	8.2	6.2
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	–	0.8	3.6	13.2	7.4	6.3	4.2
<i>Travel and subsistence</i>	0.2	0.3	0.4	0.5	1.5	1.6	1.7
<b>Transfers and subsidies</b>	<b>–</b>	<b>0.0</b>	<b>744.4</b>	<b>585.0</b>	<b>1 549.1</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	–	0.0	–	–	–	–	–
Public corporations and private enterprises	–	–	744.4	585.0	1 549.1	–	–
<b>Payments for capital assets</b>	<b>–</b>	<b>–</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	–	–	0.0	–	–	–	–
<b>Total</b>	<b>1.3</b>	<b>3.5</b>	<b>752.1</b>	<b>604.4</b>	<b>1 566.0</b>	<b>16.2</b>	<b>14.7</b>

### Details of selected transfers and subsidies

<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>744.4</b>	<b>140.0</b>	<b>1 549.1</b>	<b>–</b>	<b>–</b>
South African Airways	–	–	744.4	–	1 549.1	–	–
South African Express	–	–	–	140.0	–	–	–
<b>Capital</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>445.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
South African Express	–	–	–	445.0	–	–	–

## Expenditure trends

Expenditure in this programme increased substantially in 2007/08, as R744.4 million was allocated to South African Airways for its restructuring and turnaround programme. The budget decreases in 2008/09, but remains fairly high at R604.4 million mainly due to the transfer payments of R140 million to Transnet to purchase South African Express Airways, and R445 million to South African Express Airways as a recapitalisation allocation.

In 2009/10 expenditure increases significantly due the allocation of R1.5 billion for the conversion of a guaranteed loan into equity to reduce South African Airways' debt. Thereafter, expenditure decreases to R14.7 million in 2011/12 at an average annual rate of 90.3 per cent, as a result of no further transfers being made to entities.

## Public entity

### South African Airways

#### Strategic overview: 2005/06 - 2011/12

South African Airways is government's full service network airline, operating international, regional and domestic scheduled services from the OR Tambo International Airport. Its main business units include passenger and mail air services, cargo, maintenance, Voyager, Air Chefs and Galileo.

In 2007, an independent review established that, due to sustained losses over a number of years, South African Airways would need to achieve approximately R2.7 billion in annual, recurring improvements to its operating performance to achieve a profit margin of at least 7.5 per cent, comparable with its global peers. In May 2007, South African Airways began a restructuring exercise to counter its deteriorating financial position. It was envisaged that the restructuring exercise would be completed within 18 months. The turnaround plan has been successful in reducing costs, and at the end of 2007/08 operational performance improvements resulted in a profit of R123 million before restructuring costs. By mid-2008/09, the target had been exceeded by 36 per cent. However, South African Airways did not achieve its profit margin target due to the world wide economic downturn in the first quarter of 2008, which affected traffic volumes, fuel pricing and hedging, and exchange rates.

In 2008/09, a guarantee was issued for South African Airways to raise subordinated loans amounting to R1.5 billion. This guarantee was provided to fund the costs of B747-800 aircraft groundings, but proved insufficient to resolve the financial implications of the airbus contract and the increased liabilities relating to the international financial reporting interpretation committee's 13 customer loyalty programmes. South African Airways' financial position was thus not sufficiently strengthened to be in line with industry norms.

Over the MTEF period, South African Airways will continue its restructuring initiatives to ensure sustainable cost reductions and operational performance improvements. It also aims to complete the process of commercialising certain business units, disposing of non-core businesses, and introducing equity partners in divisions that require capital injections.

#### Selected performance and operations indicators

**Table 30.12 South African Airways**

Indicator	Past			Current	Projections <sup>1</sup>		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Earnings before interest and tax margin	18%	(3.1%)	(4.3%)	–	–	–	–
Net profit margin	0.7%	(4.3%)	(4.8%)	–	–	–	–
Return on equity	5.5%	56.2%	(43.5%)	–	–	–	–
Daily block hours per aircraft	–	–	10.6	–	–	–	–
Passenger load factor	69.5%	75.4%	75.3%	–	–	–	–
Cargo revenue to passenger revenue on international routes	16.3%	15.8%	14.0%	–	–	–	–
Average passenger fare	R1 746	R1 859	R2 062	–	–	–	–

1. Projected forecasts under review



## Service delivery and spending focus

South African Airways has met cost reduction targets and made operational improvements. It also identified initiatives that were not outlined in the initial restructuring plan, resulting in a 36 per cent above target performance by the middle of 2008/09. The recent reduction in fuel prices is beneficial to South African Airways, but the global economic slowdown and increase in foreign exchange rates will have a negative impact going forward. The lower and more sustainable cost level will, however, enable South African Airways to take advantage of improvements in the economy when these arise. The profit target is being reviewed in relation to other network airlines in the industry, and will be included in the February 2009 corporate plan.

In September 2008, South African Airways completed the valuation of South African Airways Technical and will proceed with the process of conducting a due diligence exercise before an equity partner is identified. The sale of Air Chefs is about to be concluded. Different scenarios are being considered for disposing of the cargo unit and the process of commercialising Voyager has started. All these interventions are linked to the restructuring process.

## Expenditure trends

South African Airways' restructuring plan has proved to be successful and resulted in exceeding the profit target by 36 per cent by the middle of 2008/09. However, high fuel prices during the first part of 2008/09, the recent global economic slowdown and foreign currency exchange fluctuations indicate that the overall profit target will not be achieved. As a result of the volatile economic situation experienced during 2008/09, the budgeted figures reflected in the corporate plans are no longer relevant. The forecasts for the coming period are under review.

## Programme 6: Joint Project Facility

- *Management.*
- *Joint Project Facility* provides project management support for a number of projects that aim to identify and unlock synergies among the state owned enterprises, and coordinates cross-cutting projects that leverage the assets, activities and capabilities of state owned enterprises to the benefit of the enterprise and the economy as a whole. Funding is largely used for compensation of employees, and related expenditure in goods and services.

### Current joint project facility projects include:

The **competitive supplier development programme** leverages the state owned enterprises' build programmes to attract local manufacturing and supplier industries to support state owned enterprises' infrastructure build and maintenance plans, aimed at increasing localisation, investment, job creation and export competitiveness. Transnet and Eskom's supplier development plans have been approved. An independent service provider has been contracted to do supplier benchmarking, and training of state owned enterprises procurement officers is taking place.

- The **human resources and capacity building programme** focuses on ensuring that there are sufficient skills in South Africa to meet the requirements of the state owned enterprises' infrastructure build programmes by identifying long term skills requirements and exploring ways to maximise training infrastructure within state owned enterprises to develop the necessary skilled artisans and technicians. The department has established the Employment Skills Development Agency which will be responsible for coordinating state owned enterprises' artisan placements.
- The **advanced learning programme** focuses on developing a learning modular for state owned enterprises and the public sector. A higher learning institution has been identified to take responsibility for this programme. The modules and copyright agreement will be finalised in 2009

The **solar water heater skills development project** will develop electrician and plumber skills in support of solar water heater maintenance and installation to offset the need for coal fired power station construction.

The **Africa project** has two components. The first aims to contribute to the development of key economic infrastructure (electricity and rail) projects across Africa, especially in SADC. The second focuses on joint supplier development initiatives in targeted African countries to facilitate participation in state owned enterprises' build and maintenance programmes and leverage access to the global value chains of multinational original equipment manufacturers.

The **SA power project** aims to leverage Eskom's build programme to enhance South Africa's manufacturing, technology and skills base by developing a detailed industrial strategy. The strategy and implementation plan was submitted to Cabinet for approval.

The **aerostructures project** explores options to develop an aerospace industry to grow South Africa's technological and skills base in this sector.

The **property project** focuses on optimising property asset value for state owned enterprises and enhancing the developmental impacts of non-core properties. The project updated a property disposal policy framework and a set of BEE guidelines to inform the disposals. Key transactions in support of housing, education and other public services have been concluded. Certain property holdings earmarked for development have been confirmed with state owned enterprises and discussions with cities and key stakeholders are ongoing.

The **environmental issues project** develops proposals to ensure that government policy balances environmental conservation requirements with the need to build infrastructure to grow the economy and become globally competitive. The project has entrenched strategically important developments into the environmental impact assessment process, with a view to streamline processes. The department is developing a policy position paper on climate change in consultation with state owned enterprises to inform the conference on climate change to be hosted by the Department of Environmental Affairs and Tourism in 2008/09.

The **ICT project** initiated the establishment of Broadband Infraco and has provided strategic support to negotiations on the marine cable. The Department of Public Enterprises' call centre project has been ceased in favour of a single call centre development strategy being pursued by the Department of Trade and Industry.

**Technology and innovation in state owned enterprises** aims to provide a framework for technology management in state owned enterprises. To this end, a pilot study in the aerostructure industry has been initiated.

The **nuclear communication strategy** is a new project aimed at developing a nuclear communication strategy. A draft communication strategy has been prepared for discussion with key stakeholders.

The **autumn school** is an annual event to provide the parliamentary portfolio committee on public enterprises with an opportunity to enter into dialogue with the department and industry experts around key issues facing government and state owned enterprises. A successful autumn school was held in May 2008. An integrated curriculum was presented, comprising modules that reflect the strategic priorities identified by both the department and the portfolio committee.

## Expenditure estimates

**Table 30.13 Joint Project Facility**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	–	–	2.5	0.7	0.9	0.9	1.0
Joint Project Facility	–	11.4	13.0	31.4	32.8	30.4	32.0
<b>Total</b>	<b>–</b>	<b>11.4</b>	<b>15.5</b>	<b>32.1</b>	<b>33.7</b>	<b>31.3</b>	<b>33.0</b>
Change to 2008 Budget estimate				3.3	(0.8)	4.3	(0.8)
<b>Economic classification</b>							
<b>Current payments</b>	<b>–</b>	<b>11.4</b>	<b>15.5</b>	<b>32.1</b>	<b>33.7</b>	<b>31.3</b>	<b>33.0</b>
Compensation of employees	–	2.4	3.5	6.4	8.9	9.6	10.2
Goods and services	–	9.0	12.1	25.7	24.7	21.7	22.8
of which:							
Consultants and professional services: Business and advisory services	–	9.0	8.9	22.9	22.0	18.9	19.8
Travel and subsistence	–	–	2.5	2.0	2.4	2.6	2.7
Venues and facilities	–	–	0.1	0.5	0.1	0.1	0.1
<b>Transfers and subsidies</b>	<b>–</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	–	0.0	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>11.4</b>	<b>15.5</b>	<b>32.1</b>	<b>33.7</b>	<b>31.3</b>	<b>33.0</b>

## Expenditure trends

Expenditure reflects contributions for projects managed by the joint project facility, which was established in 2005/06 and funded by the state owned enterprises in that year (not included in expenditure table). In 2006/07, the unit was included as a subprogramme under the *Manufacturing Enterprises* programme, but through the realignment of the functions within the department, a new programme was created in 2007/08 and historical expenditure was adjusted accordingly.

Expenditure increases from R32.1 million in 2008/09 and is projected to reach R33 million in 2011/12, at an average annual increase of .9 percent over the MTEF period. This is mainly due to capacity and outsourcing of technical and specialist expertise stabilising over the medium term.

## Public entity

### The South African Forestry Company

#### Strategic overview: 2005/06 – 2011/12

The South African Forestry Company manages and develops state commercial forests. The company's activities include forestry management and timber harvesting and processing, both domestically and in neighbouring countries. The company's main subsidiary is Komatiland Forests, operating in Mpumalanga, Limpopo and KwaZulu-Natal. Softwood saw timber is sold in South Africa, and soft and hardwood saw timber and pulp wood in Mozambique. Komatiland Forests has an 80 per cent shareholding in the Mozambican forestry company, Ifloma, while the remaining 20 per cent is held by the Mozambican government.

Cabinet's decision on the role of the South African Forestry Company and the privatisation of Komatiland Forests was finalised in March 2007. Transaction guidelines were prepared to assist the board with the decision on winding down the activities of Komatiland Forests by March 2009. The decision was revisited after the department realised that approximately 60 per cent of the land on which Komatiland Forests operates is subject to land claims, and that the land claims settlement process will have a bearing on the disposal of the asset by the target date of March 2009.

Due to the land claim status, the Minister of Public Enterprises extended the disposal of the South African Forestry Company by five years to 2011/12, to allow for the resolution of the land claims. The company was subsequently mandated to develop a five-year business and corporate plan in order to maintain, and where possible, enhance the value of the business. The remaining shares held by the South African Forestry Company in other companies, such as Singisi, Siyaghubeka, Amathole and MTO, are also under review. A process has been initiated with the Department of Land Affairs and the Department of Water Affairs and Forestry to resolve the land claims.

#### Selected performance and operations indicators

**Table 30.14 The South African Forestry Company**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Plantation area managed (hectares)	154 228	141 178	141 047				
Net profit/(loss) margin %	66.9	161.1	210.0				
Return on equity (ROE) %	19.3	53.9	17.0				
Logs sold ('000 m <sup>3</sup> )	1 135	1 615	1 648				
Current ratio (times)	2.6	4.2	4.0				

#### Service delivery and spending focus

The transformation committee was established in 2007/08, and was tasked with tracking the alignment of the South African Forestry Company's policies and procedures with government's objectives for social and economic transformation. The committee will drive the company's transformation agenda, maximise community participation and ensure greater empowerment in the forestry sector. One of the milestones reached

was the signing of a memorandum of understanding with the Development Bank of Southern Africa to jointly promote the development of sustainable forest communities and industries. A memorandum of understanding was also signed with Agri SA to develop a honey industry in one of Komatiland Forests' plantations.

A structure within the operations of the South African Forestry Company is being considered and will be adapted to the requirements of the transformation agenda, as driven by the board. The finance and investment committee and the remuneration committee have also made major strides in aligning the company with the overall objectives of change. Signalling a new ethos in the group, the South African Forestry Company aims to reposition itself as a public entity that will endeavour to contribute to job creation in rural communities adjacent to its plantations, employment equity in the workplace and expanding its procurement spend to black business, among others.

## Expenditure estimates

**Table 30.15 The South African Forestry Company Limited: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>580.5</b>	<b>1 643.1</b>	<b>1 451.9</b>				
Sale of goods and services other than capital assets of which:	359.9	685.1	845.0				
Sales by market establishments	359.9	685.1	845.0				
Other non-tax revenue	220.6	958.0	606.9				
<b>Total revenue</b>	<b>580.5</b>	<b>1 643.1</b>	<b>1 451.9</b>				
<b>Expenses</b>							
<b>Current expense</b>	<b>339.7</b>	<b>539.2</b>	<b>583.1</b>				
Compensation of employees	109.8	160.4	137.0				
Goods and services	209.8	352.1	413.1				
Depreciation	17.8	24.7	30.6				
Interest, dividends and rent on land	2.4	2.0	2.4				
<b>Total expenses</b>	<b>411.8</b>	<b>842.5</b>	<b>813.3</b>				
<b>Surplus / (Deficit)</b>	<b>168.7</b>	<b>800.6</b>	<b>638.5</b>				
<b>Statement of financial position</b>							
Carrying value of assets	1 224.6	2 093.1	2 671.2				
of which: Acquisition of assets	11.3	44.5	78.1				
Investments	170.3	182.3	183.4				
Inventory	16.8	24.5	126.6				
Loans	–	–	11.9				
Receivables and prepayments	85.9	131.4	151.2				
Cash and cash equivalents	175.1	333.6	433.0				
Assets not classified elsewhere	2.5	4.5	1.8				
<b>Total assets</b>	<b>1 675.3</b>	<b>2 769.4</b>	<b>3 579.1</b>				
Accumulated surplus/deficit	1 249.6	2 047.4	2 695.0				
Borrowings	11.7	25.8	17.1				
Trade and other payables	53.1	89.3	158.8				
Provisions	53.8	31.9	19.0				
Liabilities not classified elsewhere	307.1	575.1	689.2				
<b>Total equity and liabilities</b>	<b>1 675.3</b>	<b>2 769.4</b>	<b>3 579.1</b>				

### **Expenditure trends**

The South African Forestry Company posted a net profit of R639 million during 2007/08, a decline from the 2006/07 net profit of R801 million. This was due to the lower plantation valuation adjustment as a result of the fires during that year. The company's profitability is largely due to plantation valuation adjustment done annually. The South African Forestry Company has a strong solvency position and is highly liquid, with capital and reserves of R2.7 billion and a cash balance of R433 million in 2007/08.

The South African Forestry Company only supplied detailed expenditure information based on audited outcomes.

Medium term forecasts are to be adjusted, as they do not take into account the September 2008 or capital expenditure and developmental projects. These still need to be assessed by the department.

## Additional tables

**Table 30.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	59.3	62.7	66.3	66.0	7.1	73.1	73.1
2. Energy and Broadband Enterprises	11.7	82.8	2 514.3	2 137.6	0.4	2 138.0	2 138.0
3. Legal, Governance, Risk and Transactions	24.7	22.0	95.8	158.2	(5.7)	152.4	152.4
4. Manufacturing Enterprises	943.5	3 669.2	1 159.9	11.6	257.8	269.4	267.6
5. Transport Enterprises	10.1	754.0	752.1	605.7	(1.3)	604.4	604.4
6. Joint Project Facility	14.7	14.4	15.5	28.8	3.3	32.1	32.1
<b>Total</b>	<b>1 064.0</b>	<b>4 605.1</b>	<b>4 604.0</b>	<b>3 007.9</b>	<b>261.5</b>	<b>3 269.4</b>	<b>3 267.5</b>

  

Economic classification							
<b>Current payments</b>	<b>129.4</b>	<b>128.6</b>	<b>126.6</b>	<b>164.8</b>	<b>1.5</b>	<b>166.3</b>	<b>166.3</b>
Compensation of employees	62.0	61.7	56.0	71.5	(3.5)	68.0	68.0
Goods and services	67.4	66.9	70.5	93.3	5.0	98.3	98.3
Financial transactions in assets and liabilities	—	—	0.0	—	—	—	—
<b>Transfers and subsidies</b>	<b>933.6</b>	<b>4 475.0</b>	<b>4 473.9</b>	<b>2 842.7</b>	<b>259.5</b>	<b>3 102.2</b>	<b>3 100.3</b>
Public corporations and private enterprises	933.0	4 474.4	4 473.3	2 842.0	259.5	3 101.5	3 099.6
Households	0.6	0.6	0.6	0.7	—	0.7	0.7
<b>Payments for capital assets</b>	<b>0.9</b>	<b>1.5</b>	<b>3.5</b>	<b>0.4</b>	<b>0.5</b>	<b>0.9</b>	<b>0.9</b>
Machinery and equipment	0.9	1.5	2.4	0.4	0.5	0.9	0.9
Software and intangible assets	—	—	1.1	—	—	—	—
<b>Total</b>	<b>1 064.0</b>	<b>4 605.1</b>	<b>4 604.0</b>	<b>3 007.9</b>	<b>261.5</b>	<b>3 269.4</b>	<b>3 267.5</b>

**Table 30.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	42.1	46.6	55.3	67.0	78.4	85.3	90.4
Unit cost (R million)	0.3	0.3	0.3	0.4	0.5	0.5	0.6
Personnel numbers (head count)	153	161	161	164	164	164	164
<b>Interns</b>							
Compensation of interns (R million)	0.3	0.6	0.7	0.9	1.1	—	—
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	—	—
Number of interns	41	18	20	22	22	—	—
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>42.4</b>	<b>47.2</b>	<b>56.0</b>	<b>68.0</b>	<b>79.5</b>	<b>85.3</b>	<b>90.4</b>
<b>Unit cost (R million)</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>0.6</b>
<b>Personnel numbers (head count)</b>	<b>194</b>	<b>179</b>	<b>181</b>	<b>186</b>	<b>186</b>	<b>164</b>	<b>164</b>

**Table 30.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	42.4	47.2	56.0	68.0	79.5	85.3	90.4
Training expenditure (R million)	0.6	0.8	1.6	1.6	2.0	2.1	2.2
Training as percentage of compensation	1.4%	1.6%	2.9%	2.4%	2.5%	2.5%	2.5%
Total number trained in department (head count)	125	139	165	173			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	59	34	34	36			
<i>Internships trained (head count)</i>	41	18	20	22			
<i>Households receiving bursaries (head count)</i>	–	–	–	4			



Table 30.D Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2008/09	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Foreign In kind												
	Support to Department of Public Enterprises, capacity building and technical skills transfer	Energy and broadband enterprises	–	Goods and services	Increased levels of technical skills and ability to perform oversight function	8 172	14 328	12 945	–	–	–	–
	Support on electricity, capacity building and technical skills transfer to energy sector	Energy and broadband enterprises	–	Goods and services	Increased levels of technical skills and ability to perform oversight function	–	–	1 775	–	–	–	–
	Support on non-core business (including forestry), capacity building and technical skills transfer to forestry sector	Manufacturing enterprises	–	Goods and services	Increased levels of technical skills and ability to perform oversight function	–	–	1 577	–	–	–	–
	Support on ports, capacity building and technical skills transfer to transport sector	Transport enterprises	–	Goods and services	Increased levels of technical skills and ability to perform oversight function	–	–	655	–	–	–	–
<b>Total</b>			–			<b>8 172</b>	<b>14 328</b>	<b>16 952</b>	–	–	–	–



# Vote 31

## Science and Technology

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	171.3	166.7	1.0	3.5	177.1	186.6
Research, Development and Innovation	1 142.9	43.5	1 099.1	0.2	1 315.5	1 383.2
International Co-operation and Resources	131.3	51.9	79.1	0.3	137.8	146.6
Human Capital and Knowledge Systems	1 598.0	29.1	1 568.9	0.1	1 795.8	2 018.1
Socioeconomic Partnerships	1 190.7	43.6	1 146.7	0.4	1 281.9	1 363.3
<b>Total expenditure estimates</b>	<b>4 234.1</b>	<b>334.8</b>	<b>3 894.8</b>	<b>4.5</b>	<b>4 708.1</b>	<b>5 097.8</b>
Executive authority	Minister of Science and Technology					
Accounting officer	Director-General of Science and Technology					
Website address	www.dst.gov.za					

### Aim

*The aim of the Department of Science and Technology is to realise the full potential of science and technology in social and economic development, through the development of human resources, research and innovation.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Conduct the overall management of the department. Ensure that the organisations funded by the department comply with good corporate governance practices and that their activities are aligned with the strategic focus of the national system of innovation. Monitor and evaluate the performance of the science councils.

#### Programme 2: Research, Development and Innovation

**Purpose:** Provide policy leadership in long term and cross-cutting research and innovation in the national system of innovation. Play a key role in developing strategic new areas of focus for research and innovation in South Africa.

#### Programme 3: International Cooperation and Resources

**Purpose:** Develop and monitor bilateral and multilateral relationships and agreements in science and technology to strengthen the national system of innovation and enable a flow of knowledge, capacity and resources into South Africa and Africa.

#### Programme 4: Human Capital and Knowledge Systems

**Purpose:** Develop and implement national programmes to produce knowledge and develop human capital and the associated infrastructure, equipment and public research services.

## **Programme 5: Socioeconomic Partnerships**

**Purpose:** Serve as a strategic partner within government and with industry, contributing to South Africa's transition to a knowledge economy.

### **Strategic overview: 2005/06 – 2011/12**

The main focus of the Department of Science and Technology is on implementing the national research and development strategy. The strategy is implemented through an integrated approach that includes human resource development, knowledge generation, investment in science and technology infrastructure, and the strategic management of the public science and technology system.

#### **Strategic and operational priorities**

##### *10-year innovation plan*

In 2007, Cabinet approved the department's 10-year innovation plan. The plan provides strategic leadership and direction for modern science and technology in support of South Africa's socioeconomic goals, while remaining at the cutting edge of human and scientific endeavour and technological advancement. It aims to help drive South Africa's transformation towards a knowledge based economy, in which the production and dissemination of knowledge leads to economic benefits and enriches all fields of human endeavour. The plan's success will be measured by the extent to which science, technology and innovation play a role in improving productivity, economic growth and socioeconomic development.

The plan's framework provides the structure for the department to achieve its strategic goals, which are: to develop the innovation capacity of the science system; to develop appropriate human capital for research, development and innovation; and to position South Africa as a strategic international research, development and innovation partner and destination to enable the flow of knowledge and resources into the country.

A 10-year infrastructure plan is also being developed to guide investment in world class research, development and innovation infrastructure to improve the performance of the national system of innovation. The national system of innovation is a cluster or network of interacting public and private organisations focused on nurturing and developing science and technology in South Africa. The 10-year innovation plan also gives strategic guidance to all of these organisations.

##### *Towards a knowledge driven economy*

The department will continue to build on South Africa's existing science, technology and innovation resources to close the gap with countries that have been identified as knowledge driven economies. South Africa's historical dependence on resources and lack of proper intellectual property protection mechanisms has resulted in a failure to commercialise the results of scientific research and the inadequate production of knowledge workers capable of building a globally competitive economy. To counter this, the department will make a range of interventions, including: establishing the Technology Innovation Agency, expected to be launched in 2009; introducing legislation on intellectual property rights from publicly financed research and development; establishing the South African National Space Agency, expected to be launched by December 2009; and implementing the strategy on science, technology and engineering human capital development.

##### *Regional and international cooperation*

Regional and international cooperation continues to play a role in advancing science and technology through shared learning. Strategies include leading South Africa's engagement in the United Nations (UN) family of science organisations and maximising South African participation in major summits and international conventions, South-South partnerships, and international research programmes such as the European Union's (EU) framework programme of research.

*Research and development*

In 2005/06, the research development survey (a sample collection of data from public and private research and innovation institutions) showed that South Africa's gross expenditure on research and development for that year was just over R14.1 billion, which amounted to 0.92 per cent of GDP. The 2006/07 research and development survey reflected an increase to R16.5 billion for that year (0.95 per cent of GDP). The target is to achieve research and development expenditure in the national system of innovation of 1 per cent of GDP by 2008/09.

*Infrastructure investment*

In September 2006, South Africa and Australia were short listed as suitable sites to host the Square Kilometre Array radio telescope. The announcement of the successful bidding country is expected before the end of 2011. Both countries are building demonstration telescopes to develop the technology and optimise alignment with scientific research expectations. The South African demonstration telescope, the MeerKAT, will be constructed in two phases, and is expected to be fully assembled by 2012. As part of the development of the MeerKAT, South Africa has started a process to preserve the ideal radio astronomy conditions offered by the Karoo area, establish or upgrade infrastructure, and develop expertise in engineering and research.

The main purpose of the Centre for High Performance Computing, launched in May 2007, is to provide researchers with the computing power they need for sophisticated research and innovation. A primary node has been established in Cape Town. The second node will be established in Gauteng, following a feasibility study by the Department of Science and Technology and the Centre for High Performance Computing.

The first phase of the physical infrastructure for the South African National Research Network, a high speed network dedicated to research traffic and research into research networking and broadband infrastructures, reached a significant milestone when the first four research infrastructure sites went live in Johannesburg in March 2008. Other sites are currently being connected.

The South African Strategic Forum for Research Infrastructure will establish and maintain a database of records of South African research and development infrastructure. The national equipment programme supports research through acquiring state-of-the-art equipment for researchers and scientists to encourage innovative and competitive science. The national research information management system was launched in February 2008. This system will capture statistical information on government expenditure on research and development activities by universities and research institutions.

*Managing the science and technology base*

The 2004 governance framework for science and technology sets out key elements for proper management of the science and technology base. Having taken major steps to improve the funding of science and technology in the public sector, government has set up a comprehensive database to monitor scientific and technological activities. A review of how departments use funding for science to manage scientific and technological activities was initiated and will be published as an annual national science and technology expenditure report.

## Selected performance and operations indicators

**Table 31.1 Science and Technology**

Indicator	Programme	Past			Current 2008/09	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of new technology based companies established as a result of products developed through research and development programmes	Research, Development and Innovation	2	5	8	12	15	20	30
Number of new patent applications resulting from publicly funded research	Research, Development and Innovation	–	–	–	30	40	50	65
Number of intellectual property transactions leading to commercialisation of technologies in South Africa each year	Research, Development and Innovation	–	–	–	10	15	17	25
Total number of space related technology services launched by South African based companies	Research, Development and Innovation	1	3	4	5	9	13	15

**Table 31.1 Science and Technology (continued)**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of alternative energy technologies demonstrated and entering the local market	Research, Development and Innovation	1	3	5	6	9	14	18
Total number of technology commercialisation partnerships entered into with the private sector, including foreign direct investment	Research, Development and Innovation	–	–	–	1	5	7	10
Amount obtained from foreign sources for research and development each year	International Cooperation and Resources	R54m	R70m	R94.1m	R189m	R230m	R280m	R330m
Number of learners who attended the science week programme each year	Human Capital and Knowledge Systems	172 895	204 950	175 905	190 000	200 000	220 000	250 000
Number of honours and masters students on the innovative bursary programme each year	Human Capital and Knowledge Systems	–	–	280	415	470	550	281
Number of interns supported at science councils and higher education institutions each year	Human Capital and Knowledge Systems	–	49	68	100	300	320	340
Total number of centres of excellence established	Human Capital and Knowledge Systems	7	7	7	8	8	8	9
Total number of research chairs established at science councils and higher education institutions	Human Capital and Knowledge Systems	–	21	72	72	72	72	100
Number of PhDs and postdoctoral fellowships supported at science councils and higher education institutions each year	Human Capital and Knowledge Systems	–	113	107	155	180	200	258
Total number of joint science and technology projects initiated between the Department of Science and Technology and other departments	Socioeconomic Partnerships	–	2	6	10	10	12	12
Total number of flagship projects (including centres of competence) supporting strategic areas of research and development	Socioeconomic Partnerships	3	6	11	13	13	14	14
Number of companies provided with a technology assistance package to facilitate successful participation in infrastructure public procurement processes each year	Socioeconomic Partnerships and Research, Development and Innovation	–	–	–	–	24	24	24
Total number of institutions implementing the research information management system	Socioeconomic Partnerships	–	–	3	3	8	16	22

## Expenditure estimates

**Table 31.2 Science and Technology**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	107.3	226.0	119.2	115.1	115.1	171.3	177.1	186.6
2. Research, Development and Innovation	333.5	396.0	525.3	863.1	863.1	1 142.9	1 315.5	1 383.2
3. International Co-operation and Resources	77.6	124.3	99.4	130.8	130.8	131.3	137.8	146.6
4. Human Capital and Knowledge Systems	639.0	876.1	1 272.9	1 452.8	1 452.8	1 598.0	1 795.8	2 018.1
5. Socioeconomic Partnerships	883.8	990.6	1 110.4	1 159.9	1 159.9	1 190.7	1 281.9	1 363.3
<b>Total</b>	<b>2 041.3</b>	<b>2 613.0</b>	<b>3 127.3</b>	<b>3 721.7</b>	<b>3 721.7</b>	<b>4 234.1</b>	<b>4 708.1</b>	<b>5 097.8</b>
Change to 2008 Budget estimate				17.7	17.7	37.1	158.8	275.6

Table 31.2 Science and Technology (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>173.5</b>	<b>174.0</b>	<b>211.0</b>	<b>242.9</b>	<b>242.9</b>	<b>334.8</b>	<b>351.4</b>	<b>370.4</b>
Compensation of employees	65.1	83.7	104.1	135.9	135.9	192.8	204.2	215.9
Goods and services	108.3	90.2	106.8	107.0	107.0	142.0	147.3	154.5
of which:								
Administrative fees	2.3	1.0	1.2	5.8	5.8	0.6	0.7	0.7
Advertising	2.2	1.5	2.1	7.4	7.4	5.6	5.7	6.0
Assets less than R5 000	0.2	0.2	0.2	0.6	0.6	0.4	0.4	0.4
Audit costs: External	0.9	0.5	0.8	–	–	1.4	1.4	1.5
Bursaries (employees)	0.8	0.5	0.8	0.5	0.5	1.5	1.5	1.6
Catering: Departmental activities	1.0	0.7	1.2	1.3	1.3	2.5	2.6	2.8
Communication	6.5	5.6	7.0	5.2	5.2	7.9	8.2	8.6
Computer services	2.4	1.8	2.2	4.8	4.8	4.5	4.6	4.8
Consultants and professional services: Business and advisory services	0.3	0.2	0.3	9.1	9.1	20.5	21.3	22.3
Consultants and professional services: Legal costs	–	–	–	0.9	0.9	–	–	–
Contractors	2.2	1.4	1.8	0.6	0.6	5.4	5.5	5.7
Agency and support / outsourced services	35.8	30.2	33.8	27.3	27.3	23.1	24.2	25.4
Entertainment	0.4	0.9	0.9	1.5	1.5	1.1	1.2	1.2
Inventory: Materials and supplies	2.2	1.3	1.9	–	–	–	–	–
Inventory: Other consumables	0.0	0.0	0.0	0.7	0.7	–	–	–
Inventory: Stationery and printing	4.6	4.0	4.9	3.6	3.6	5.6	5.8	6.1
Lease payments	6.9	4.3	6.3	1.2	1.2	6.5	6.6	7.0
Owned and leasehold property expenditure	–	–	–	–	–	3.9	4.0	4.2
Travel and subsistence	30.7	27.7	31.7	28.0	28.0	37.0	38.4	40.3
Training and development	1.8	1.4	1.7	1.7	1.7	3.2	3.3	3.5
Operating expenditure	3.3	2.7	3.6	2.7	2.7	5.4	5.5	5.8
Venues and facilities	3.4	3.9	4.0	3.8	3.8	5.9	6.2	6.5
Financial transactions in assets and liabilities	0.0	0.1	0.1	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 865.1</b>	<b>2 293.4</b>	<b>2 908.4</b>	<b>3 476.7</b>	<b>3 476.7</b>	<b>3 894.8</b>	<b>4 353.4</b>	<b>4 724.0</b>
Provinces and municipalities	0.2	0.1	–	–	–	–	–	–
Departmental agencies and accounts	809.2	1 160.2	1 516.9	1 910.6	1 910.6	2 033.7	2 304.1	2 542.6
Universities and technikons	32.3	46.0	45.8	18.3	18.3	–	–	–
Public corporations and private enterprises	597.0	740.7	1 023.2	879.1	879.1	581.1	614.0	650.6
Non-profit institutions	425.8	345.5	322.2	668.3	668.3	1 280.1	1 435.3	1 530.8
Households	0.6	1.0	0.2	0.4	0.4	–	–	–
<b>Payments for capital assets</b>	<b>2.7</b>	<b>145.6</b>	<b>7.9</b>	<b>2.1</b>	<b>2.1</b>	<b>4.5</b>	<b>3.2</b>	<b>3.4</b>
Buildings and other fixed structures	–	133.2	–	–	–	–	–	–
Machinery and equipment	2.7	12.4	7.9	2.1	2.1	4.5	3.2	3.4
<b>Total</b>	<b>2 041.3</b>	<b>2 613.0</b>	<b>3 127.3</b>	<b>3 721.7</b>	<b>3 721.7</b>	<b>4 234.1</b>	<b>4 708.1</b>	<b>5 097.8</b>

## Expenditure trends

Expenditure increases at an average annual rate of 16.5 per cent between 2005/06 and 2011/12, rising from R2 billion in 2005/06 to R5.1 billion in 2011/12. Expenditure increases at an annual average rate of 22.2 per cent from 2005/06 to 2008/09 due to substantial additional allocations for projects in the *Research, Development and Innovation* programme, human capital development initiatives, and increases in funding for organisations such as the South African Research Network and the National Research Foundation in the *Human Capital and Knowledge Systems* programme and the Council for Scientific and Industrial Research and the Human Sciences Research Council in the *Socioeconomic Partnerships* programme.

From 2008/09 to 2011/12, spending continues to grow at an average annual rate of 11.1 per cent as a result of additional allocations of R471.5 million. R200 million of this is for human capital development through the



research chairs initiative and postgraduate bursaries (through the National Research Foundation), and R80 million for the new innovation planning and instruments programme. The rest is for inflation related adjustments in compensation of employees, capital assets and capital transfers.

Transfers make up the bulk of expenditure, amounting to R3.9 billion in 2009/10 or 92.9 per cent of the total budget.

Savings of R25.9 million in 2009/10, R37.2 million in 2010/11 and R40.4 million in 2011/12 have been identified in goods and services and in transfer payments to public entities.

## Science and technology activities

### Summary of expenditure on science and technology activities funded by the Department of Science and Technology

R thousand	2006/07	2007/08	2008/09	2009/2010	2010/2011	2011/2012
Scientific and technological services	405 777	614 828	571 338	599 988	635 987	665 878
Scientific and technical education and training	24 482	35 300	49 828	61 548	65 241	68 307
Scientific and technological innovation	1 830 266	2 279 254	2 781 818	3 159 576	3 349 152	3 506 561
<b>Total science and technology activities</b>	<b>2 260 525</b>	<b>2 929 382</b>	<b>3 402 984</b>	<b>3 821 112</b>	<b>4 050 380</b>	<b>4 240 746</b>

### Public institutions that undertake scientific and technology activities and report to the Department of Science and Technology

R thousand	2006/07	2007/08	2008/09	2009/2010	2010/2011	2011/2012
National Advisory Council on Innovation	9 132	9 757	10 351	11 949	12 666	13 261
Academy of Science of South Africa	3 000	3 400	3 820	4 243	4 234	4 442
Africa Institute of South Africa	28 879	26 530	27 830	27 122	28 749	30 100
Human Science Research Council	119 873	115 949	160 706	157 858	167 329	175 193
National Research Foundation	586 671	648 394	680 832	680 396	721 220	755 117
Council for Scientific and Industrial research	483 194	507 352	534 749	561 487	595 176	623 149
South African National Energy Research Institute	40 000	42 000	44 268	–	–	–
<b>Total</b>	<b>1 270 749</b>	<b>1 353 382</b>	<b>1 462 556</b>	<b>1 443 055</b>	<b>1 529 374</b>	<b>1 601 262</b>

## Departmental receipts

The department's receipts include miscellaneous items such as debt repayments and recovered private telephone costs. The receipts for the medium term are expected to increase marginally.

**Table 31.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>229</b>	<b>1 029</b>	<b>219</b>	<b>106</b>	<b>106</b>	<b>107</b>	<b>111</b>	<b>112</b>
Sales of goods and services produced by department	43	301	24	25	25	25	26	26
Interest, dividends and rent on land	–	–	6	6	6	6	7	7
Sales of capital assets	–	57	110	–	–	–	–	–
Financial transactions in assets and liabilities	186	671	79	75	75	76	78	79
<b>Total</b>	<b>229</b>	<b>1 029</b>	<b>219</b>	<b>106</b>	<b>106</b>	<b>107</b>	<b>111</b>	<b>112</b>

## Programme 1: Administration

*Administration* ensures that the organisations funded by the department are aligned with the strategic focus of the national system of innovation. It also monitors and evaluates the performance of the science councils. The *Property Management* subprogramme administers the property management funds and activities.

## Expenditure estimates

**Table 31.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.9	1.0	1.1	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.8	0.9	0.9	1.3	1.4	1.5	1.6
Management	12.4	13.3	11.3	15.2	50.2	53.0	55.8
Corporate Services	88.3	206.4	97.7	89.1	105.1	106.9	112.7
Governance	2.4	2.6	3.8	4.7	9.5	10.1	10.6
Property Management	2.5	1.9	4.3	3.1	3.3	3.8	4.0
<b>Total</b>	<b>107.3</b>	<b>226.0</b>	<b>119.2</b>	<b>115.1</b>	<b>171.3</b>	<b>177.1</b>	<b>186.6</b>
Change to 2008 Budget estimate				(0.2)	37.5	32.8	33.7

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

### Economic classification

<b>Current payments</b>	<b>102.9</b>	<b>79.3</b>	<b>108.8</b>	<b>110.2</b>	<b>166.7</b>	<b>173.9</b>	<b>183.3</b>
Compensation of employees	31.7	37.5	47.4	63.0	94.4	99.9	105.6
Goods and services	71.1	41.8	61.3	47.1	72.3	74.0	77.7
of which:							
Administrative fees	1.0	0.6	0.8	5.8	0.3	0.3	0.3
Advertising	1.4	0.8	1.2	6.1	4.9	5.0	5.2
Audit costs: External	0.9	0.5	0.8	—	1.4	1.4	1.5
Bursaries (employees)	0.7	0.4	0.6	0.5	1.5	1.5	1.6
Catering: Departmental activities	0.4	0.2	0.3	0.3	1.0	1.1	1.1
Communication	4.3	2.5	3.7	2.3	4.2	4.3	4.5
Computer services	1.5	0.9	1.3	4.2	4.2	4.3	4.5
Consultants and professional services:	0.3	0.2	0.3	0.2	8.7	9.0	9.4
Business and advisory services							
Contractors	2.1	1.2	1.8	0.6	5.0	5.0	5.3
Agency and support / outsourced services	29.0	17.0	25.0	11.1	4.0	4.1	4.3
Entertainment	0.3	0.2	0.2	0.3	0.5	0.5	0.5
Inventory: Materials and supplies	2.1	1.3	1.9	—	—	—	—
Inventory: Other consumables	0.0	0.0	0.0	0.6	—	—	—
Inventory: Stationery and printing	3.1	1.8	2.6	1.1	3.0	3.1	3.3
Lease payments	6.4	3.7	5.5	0.6	5.4	5.5	5.8
Owned and leasehold property expenditure	—	—	—	—	3.9	4.0	4.2
Travel and subsistence	12.5	7.4	10.8	9.0	16.3	16.7	17.6
Training and development	1.5	0.9	1.3	1.6	3.2	3.3	3.5
Operating expenditure	2.2	1.3	1.9	1.8	3.1	3.2	3.3
Venues and facilities	0.9	0.5	0.8	0.6	1.2	1.2	1.3
Financial transactions in assets and liabilities	0.0	0.1	0.1	—	—	—	—
<b>Transfers and subsidies</b>	<b>2.9</b>	<b>2.6</b>	<b>3.5</b>	<b>3.4</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
Provinces and municipalities	0.1	0.0	—	—	—	—	—
Departmental agencies and accounts	0.4	—	—	—	—	—	—
Universities and technikons	—	—	0.4	—	—	—	—
Public corporations and private enterprises	0.0	—	—	—	—	—	—
Non-profit institutions	2.3	2.1	3.0	3.2	1.0	1.0	1.0
Households	0.1	0.5	0.1	0.2	—	—	—
<b>Payments for capital assets</b>	<b>1.5</b>	<b>144.1</b>	<b>6.8</b>	<b>1.5</b>	<b>3.5</b>	<b>2.2</b>	<b>2.3</b>
Buildings and other fixed structures	—	133.2	—	—	—	—	—
Machinery and equipment	1.5	10.9	6.8	1.5	3.5	2.2	2.3
<b>Total</b>	<b>107.3</b>	<b>226.0</b>	<b>119.2</b>	<b>115.1</b>	<b>171.3</b>	<b>177.1</b>	<b>186.6</b>

### Details of selected transfers and subsidies

<b>Non-profit institutions</b>							
<b>Current</b>	<b>2.3</b>	<b>2.1</b>	<b>3.0</b>	<b>3.2</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
Institutional and programme support	—	—	0.6	0.9	1.0	1.0	1.0
Technology Top 100	2.3	2.1	2.4	2.3	—	—	—

## Expenditure trends

Expenditure increases from R107.3 million in 2005/06 to R115.1 million in 2008/09 at an average annual rate of 2.3 per cent. The marginal growth in this period is related to the decrease in expenditure on agency and outsourced services, which decreases from R29 million in 2005/06 to R11.1 million in 2008/09 at an average annual rate of 27.4 per cent, and the decrease in expenditure on lease payments and travel and subsistence. The decrease in growth in the goods and services budget has been off set by the increase in expenditure in compensation of employees, which grew at an average annual rate of 25.7 per cent from R31.7 million in 2005/06 to R63 million in 2008/09.

Spending is anticipated to increase to R186.6 million in 2011/12, at an average annual rate of 17.5 per cent over the MTEF period. Growth is due to increases in compensation of employees and associated goods and services and travel and subsistence because the department's staff complement is expected to increase from 375 to approximately 569 over the medium term.

## Programme 2: Research, Development and Innovation

- *Space Science* focuses on creating the necessary strategic and institutional regimes for creating and developing a viable space programme and earth observation system. This includes large scale astronomy facilities in the Northern Cape, and other national space initiatives aimed at harnessing the benefits of space science and technology for socioeconomic growth and sustainable development. The name of this subprogramme has been shortened from *Space Science, Engineering and Technology*.
- *Hydrogen and Energy* provides policy leadership in long term and cross-cutting research, development and innovation in the energy sector. The subprogramme plays a key role in developing a sustainable and globally competitive South African energy knowledge base and industry that will ensure broader socioeconomic benefits for the country from the nascent global hydrogen economy.
- *Biotechnology and Health* provides policy leadership for the development of a world class bioeconomy in South Africa. This will be achieved through the innovation instruments that provide financial, intellectual property and innovation management support.
- *Innovation Planning and Instruments* drives strategic interventions that will enable South Africa to translate a greater proportion of its scientific knowledge outputs into commercial technology products and services. This is achieved through the design and creation of policy and institutional structures that facilitate technology development and its progression into national and international markets.

Funding for all these subprogrammes is allocated on the basis of approved business plans and service level agreements between the department and the relevant entities. Following structure changes, the *National Advisory Council on Innovation* subprogramme has been moved to the *Administration* programme.

## Objectives and measures

- Promote technology commercialisation by protecting and commercialising intellectual property to increase the number of South African technology based companies by establishing and operationalising the Technology Innovation Agency, centres of competence, the National Intellectual Property Management Office and the South African National Space Agency by March 2009.
- Position South Africa to host the Square Kilometre Array project by constructing the demonstration telescope MeerKAT by 2012.
- Ensure that South Africa's manufacturing sector benefits from supply opportunities from the South Africa Square Kilometre Array bid by developing a strategic framework for innovation and manufacturing by 2010.
- Support the creation of a viable space industry in South Africa by establishing a space agency by December 2009.

- Reduce the disease burden in South Africa by:
  - establishing 4 centres of competence for research and development on tuberculosis, malaria, HIV and AIDS and improved medical devices in 2009/10
  - producing at least 2 new products and services per year from 2010.
- Support the successful commercialisation of the Joule electric vehicle by demonstrating at least 2 new alternative energy technologies in 2009 in partnership with the Department of Trade and Industry.

## Service delivery and spending focus

The 2008 national space strategy aims to strengthen better decision making by integrating space based and ground based information systems and to use space science and technology to develop applications for providing geospatial, telecommunications, and timing and positioning products and services. An interim space agency office was established at the Council for Scientific and Industrial Research in 2008. The 2008 Astronomy Geographic Advantage Bill aims to preserve the South African geographic advantage (climate and clear skies) for astronomy research infrastructure. A micro satellite, SumbandilaSAT, will be launched in 2009.

The 2008 hydrogen and fuel cell technologies research, development and innovation strategy aims to stimulate the development of platinum group metals based industries to supply the future global hydrogen economy. Platinum group metals are key catalytic materials in producing hydrogen and converting hydrogen to electricity. A working prototype of South Africa's electric vehicle, the Joule, was launched in Cape Town and exhibited at the Paris motor show in October 2008.

The Technology Innovation Agency Act (2008) provides for an agency that will give both financial and non-financial support to technology commercialisation in South Africa. The Intellectual Property Rights on Publicly Financed Research and Development Act (2008) provides for the more effective use of intellectual property derived from publicly financed research and development, and establishes the National Intellectual Property Management Office, the Intellectual Property Fund, and offices of technology transfer at public research institutions.

## Expenditure estimates

**Table 31.5 Research, Development and Innovation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Space Science	153.8	204.2	296.2	341.4	574.3	638.4	688.2
Hydrogen and Energy	21.0	9.6	29.3	286.3	149.9	134.3	142.9
Biotechnology and Health	158.1	178.1	194.2	229.0	259.2	314.5	292.0
Innovation Planning and Instruments	0.7	4.0	5.7	6.4	159.6	228.3	260.1
<b>Total</b>	<b>333.5</b>	<b>396.0</b>	<b>525.3</b>	<b>863.1</b>	<b>1 142.9</b>	<b>1 315.5</b>	<b>1 383.2</b>
Change to 2008 Budget estimate				1.0	15.7	100.6	95.4

### Economic classification

<b>Current payments</b>	<b>11.5</b>	<b>13.5</b>	<b>16.1</b>	<b>35.0</b>	<b>43.5</b>	<b>46.0</b>	<b>48.4</b>
Compensation of employees	4.8	5.8	8.8	11.6	20.8	22.1	23.3
Goods and services	6.7	7.7	7.2	23.4	22.7	23.9	25.0
of which:							
Communication	0.4	0.5	0.5	0.4	0.8	0.8	0.8
Consultants and professional services: Business and advisory services	–	–	–	4.6	2.0	2.1	2.2
Consultants and professional services: Legal costs	–	–	–	0.1	–	–	–
Agency and support / outsourced services	0.8	1.0	0.9	12.8	14.0	14.7	15.4
Inventory: Stationery and printing	0.3	0.3	0.3	0.6	0.7	0.8	0.8
Travel and subsistence	3.4	4.0	3.7	3.5	4.1	4.3	4.5
Operating expenditure	0.0	0.1	0.1	0.6	0.1	0.1	0.1
Venues and facilities	0.5	0.6	0.5	0.2	0.2	0.2	0.2

Table 31.5 Research, Development and Innovation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>321.5</b>	<b>382.0</b>	<b>508.9</b>	<b>827.9</b>	<b>1 099.1</b>	<b>1 269.3</b>	<b>1 334.6</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	42.1	151.0	303.0	375.4	218.1	259.6	274.6
Universities and technikons	20.9	27.3	14.8	10.1	–	–	–
Public corporations and private enterprises	0.1	30.3	46.7	21.6	–	–	–
Non-profit institutions	258.0	173.2	144.4	420.8	881.0	1 009.7	1 060.0
Households	0.2	0.3	0.0	0.1	–	–	–
<b>Payments for capital assets</b>	<b>0.6</b>	<b>0.4</b>	<b>0.4</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Machinery and equipment	0.6	0.4	0.4	0.2	0.2	0.2	0.2
<b>Total</b>	<b>333.5</b>	<b>396.0</b>	<b>525.3</b>	<b>863.1</b>	<b>1 142.9</b>	<b>1 315.5</b>	<b>1 383.2</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>41.1</b>	<b>150.9</b>	<b>222.9</b>	<b>210.4</b>	<b>218.1</b>	<b>259.6</b>	<b>274.6</b>
Biotechnology strategy	–	–	37.5	–	–	–	–
HIV and AIDS prevention and treatment technologies	20.0	–	8.1	16.6	17.2	18.2	19.3
Innovation Fund	–	131.3	141.8	140.0	151.2	189.5	200.9
International Centre for Genetic Engineering and Biotechnology	–	–	10.0	–	9.9	9.9	9.9
Energy Grand Challenge	–	–	–	23.3	39.7	42.0	44.5
Space science	13.1	0.2	–	5.0	–	–	–
Square Kilometre Array	8.0	19.4	25.5	25.5	–	–	–
<b>Capital</b>	<b>–</b>	<b>–</b>	<b>80.0</b>	<b>165.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
Square Kilometre Array	–	–	80.0	165.0	–	–	–
<b>Universities and technikons</b>							
<b>Current</b>	<b>20.2</b>	<b>17.2</b>	<b>8.9</b>	<b>10.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
Health innovation	–	5.3	0.2	–	–	–	–
Hydrogen strategy	–	6.0	6.0	–	–	–	–
International Centre for Genetic Engineering and Biotechnology	–	–	–	10.0	–	–	–
Space science	20.2	5.8	2.7	–	–	–	–
<b>Capital</b>	<b>–</b>	<b>9.3</b>	<b>5.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Hydrogen strategy	–	–	3.0	–	–	–	–
Space science	–	9.3	2.9	–	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>–</b>	<b>21.5</b>	<b>23.1</b>	<b>7.5</b>	<b>–</b>	<b>–</b>	<b>–</b>
Hydrogen strategy	–	4.0	4.7	5.0	–	–	–
Innovation projects	–	3.2	–	–	–	–	–
Innovation projects	–	–	4.6	–	–	–	–
Space science	–	14.4	13.8	2.4	–	–	–
Biotechnology strategy	–	–	–	0.1	–	–	–
<b>Capital</b>	<b>–</b>	<b>8.7</b>	<b>21.1</b>	<b>14.1</b>	<b>–</b>	<b>–</b>	<b>–</b>
Hydrogen strategy	–	–	4.0	–	–	–	–
Space science	–	8.7	17.1	14.1	–	–	–
<b>Non-profit institutions</b>							
<b>Current</b>	<b>256.2</b>	<b>170.3</b>	<b>141.4</b>	<b>280.1</b>	<b>310.1</b>	<b>374.3</b>	<b>377.3</b>
Biofuels	–	–	–	5.0	5.0	5.0	5.3
Biotechnology strategy	154.7	148.1	124.2	175.4	180.0	231.6	205.3
Health innovation	–	4.0	6.2	18.5	36.0	37.9	39.7
HIV and AIDS prevention and treatment technologies	–	15.0	–	–	–	–	–
Hydrogen strategy	–	–	9.9	38.6	51.2	28.6	30.4
Innovation Fund	101.6	–	–	–	–	–	–
Innovation projects	–	–	–	–	–	30.0	50.0
Space science	–	3.2	1.0	21.7	25.9	28.5	33.4
Square Kilometre Array	–	–	–	–	12.0	12.6	13.2
Energy Grand Challenge	–	–	–	21.0	–	–	–

Table 31.5 Research, Development and Innovation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Capital</b>	–	2.0	3.0	140.7	570.9	635.4	682.7
Hydrogen strategy	–	–	3.0	40.5	44.2	48.4	51.9
Space science	–	2.0	–	0.9	36.4	51.4	55.2
Square Kilometre Array	–	–	–	99.3	490.3	535.7	575.6

### Expenditure trends

Expenditure increased from R333.5 million in 2005/06 to R863.1 million in 2008/09 at an average annual rate of 37.3 per cent. The programme budget is dominated by current and capital transfers and subsidies to departmental agencies and non-profit institutions, which increase at an average annual rate of 37.1 per cent from R321.5 million in 2005/06 to R827.9 million in 2008/09. The increases are due to additional allocations for research projects and programmes that were funded at a much larger scale than before, and the introduction of the Square Kilometre Array.

Over the medium term, the programme's budget grows at an average annual rate of 17 per cent to R1.4 billion in 2011/12. Increased expenditure is due to implementing the 10-year innovation plan, and includes an additional R80 million allocated to the *Innovation Planning and Instruments* subprogramme. Spending in the *Space Science* subprogramme also grows significantly, rising to R688 million in 2011/12 to fund the establishment of the National Space Agency.

### Programme 3: International Co-operation and Resources

- *Multilateral Cooperation and Africa* advances and facilitates South Africa's participation in strategic bilateral agreements and multilateral organisations on science, technology and innovation to strengthen the national system of innovation and to achieve shared economic and social development in the region and the continent. The name of this subprogramme has changed from *Multilaterals and Africa*.
- *International Resources* accesses funding from international donors, and human capital and knowledge, hosts global research infrastructure in South Africa, and promotes access to international research facilities for the benefit of the national system of innovation through bilateral agreements.
- *Overseas Bilateral Cooperation* promotes and facilitates collaborative activities and leverages resources in support of the national system of innovation from countries outside Africa, with a specific focus on developing a knowledge driven economy. Through the new international cooperation strategy, these relationships will be realigned to address the challenges and associated cross-cutting areas set out in the 10-year innovation plan and the national research and development strategy. The name of this subprogramme has changed from *Bilateral Cooperation*.

Funding for all three subprogrammes is allocated equally for salaries and associated personnel costs, and for transfers to public entities on the basis of approved business plans.

### Objectives and measures

- Increase international funding for science and technology in South Africa by increasing international research funding, foreign investment and donor support, mostly through bilateral and multilateral agreements, from R189 million in 2008/09 to R352 million in 2011/12.
- Improve strategically aligned bilateral cooperation by initiating 60 new joint projects with international partners by March 2010.
- Increase and strengthen South African participation in multilateral organisations and forums by establishing 2 new global projects by March 2010 to support the department's 10-year innovation plan.
- Increase and strengthen cooperation in Africa by establishing 5 new bilateral projects or programmes by March 2010.



- Ensure the functioning of the 3 main African Initiatives for Capacity Development projects (training, research and knowledge brokerage) by implementing 5 pilot projects by March 2010.

## Service delivery and spending focus

Joint research projects have been completed with several partners in 2008/09, including those within the India-Brazil-South Africa framework, in areas such as energy, space, ICT, biotechnology, advanced manufacturing and robotics. Flagship projects falling in this joint research projects category include Biota South, aimed at capacity development in mapping biodiversity, and Inkaba Ye Afrika, a multidisciplinary project that surveys a cone shaped sector of the earth from core to space.

South Africa's participation in the Organisation for Economic Cooperation and Development's committee for scientific and technological policy resulted in the finalisation of the peer review of the national system of innovation. South Africa won the bid to host the third component of the International Centre for Genetic Engineering and Biotechnology in Cape Town from 2007. The centre will provide research facilities for biotechnology in health related research activities and projects to combat diseases such as HIV and AIDS, hepatitis, rotavirus diarrhoea infections in children, malaria, tuberculosis and dengue fever. South Africa was awarded membership of the International Institute of Applied Systems Analysis, associate membership in the European Molecular Biology Conference, and executive membership of the Supporting Entrepreneurs for Sustainable Development during 2007/08.

Regional cooperation resulted in the signing of a Southern African Development Community (SADC) protocol on science, technology and innovation in August 2008, the establishment of a SADC science, technology and innovation desk in Gaborone, Botswana, and the appointment of a SADC representative at the United Nations Commission on Science and Technology for Development from January 2009.

The European Union allocated €30 million to address poverty, underdevelopment and marginalisation through scientific, engineering and innovation interventions. The Department of Science and Technology also signed agreements on the South Africa-Finland ICT knowledge partnership programme and the Finnish-Southern African partnership programme to strengthen the Southern Africa network for biosciences, thus enabling the network to advance life sciences research and development mainly in biodiversity, biotechnology and indigenous knowledge systems and technology.

## Expenditure estimates

**Table 31.6 International Cooperation and Resources**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Multilateral Cooperation and Africa	57.5	68.9	73.3	59.4	56.3	59.4	63.2
International Resources	9.5	27.3	10.0	39.2	50.5	52.6	56.3
Overseas Bilateral Cooperation	10.6	28.2	16.1	32.2	24.4	25.8	27.1
<b>Total</b>	<b>77.6</b>	<b>124.3</b>	<b>99.4</b>	<b>130.8</b>	<b>131.3</b>	<b>137.8</b>	<b>146.6</b>
Change to 2008 Budget estimate				1.5	(1.1)	(1.6)	(1.1)



Table 31.6 International Cooperation and Resources (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>31.8</b>	<b>42.0</b>	<b>40.1</b>	<b>43.5</b>	<b>51.9</b>	<b>54.8</b>	<b>57.7</b>
Compensation of employees	13.4	17.4	19.8	25.2	27.8	29.4	31.1
Goods and services	18.4	24.6	20.3	18.3	24.1	25.3	26.5
<i>of which:</i>							
Administrative fees	1.1	0.2	0.1	0.0	0.1	0.1	0.1
Catering: Departmental activities	0.4	0.2	0.6	0.6	0.6	0.6	0.6
Communication	0.8	1.3	1.4	1.3	1.3	1.3	1.4
Computer services	0.4	0.3	0.3	0.3	–	–	–
Consultants and professional services: Business and advisory services	–	–	–	–	0.8	0.8	0.8
Agency and support / outsourced services	2.9	8.0	3.3	1.8	4.1	4.3	4.5
Entertainment	–	0.6	0.6	0.8	0.5	0.5	0.6
Inventory: Stationery and printing	0.5	1.0	0.9	1.3	0.6	0.6	0.7
Travel and subsistence	9.8	9.8	9.9	8.5	10.1	10.6	11.1
Operating expenditure	0.3	0.5	0.7	0.2	1.5	1.6	1.7
Venues and facilities	1.5	2.2	2.0	2.9	3.9	4.1	4.3
<b>Transfers and subsidies</b>	<b>45.4</b>	<b>81.8</b>	<b>59.0</b>	<b>87.2</b>	<b>79.1</b>	<b>82.7</b>	<b>88.6</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	25.3	29.6	27.3	30.8	29.3	30.6	32.4
Universities and technikons	1.9	3.2	4.5	1.4	–	–	–
Public corporations and private enterprises	10.2	28.7	22.7	21.1	–	–	–
Non-profit institutions	8.0	20.2	4.4	33.8	49.9	52.1	56.2
Households	0.0	0.2	0.0	0.0	–	–	–
<b>Payments for capital assets</b>	<b>0.5</b>	<b>0.5</b>	<b>0.3</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
Machinery and equipment	0.5	0.5	0.3	0.2	0.3	0.3	0.3
<b>Total</b>	<b>77.6</b>	<b>124.3</b>	<b>99.4</b>	<b>130.8</b>	<b>131.3</b>	<b>137.8</b>	<b>146.6</b>

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>25.2</b>	<b>29.6</b>	<b>27.3</b>	<b>30.8</b>	<b>29.3</b>	<b>30.6</b>	<b>32.4</b>
Africa Institute of South Africa	19.0	25.0	26.5	30.5	29.3	30.6	32.4
Global science: Bilateral cooperation	–	–	0.6	–	–	–	–
Global science: International resources	–	–	0.2	0.3	–	–	–
Global science: Multilaterals and Africa	6.2	4.6	–	–	–	–	–
<b>Universities and technikons</b>							
<b>Current</b>	<b>1.9</b>	<b>3.2</b>	<b>4.5</b>	<b>1.4</b>	<b>–</b>	<b>–</b>	<b>–</b>
Global science: International resources	–	–	3.0	1.4	–	–	–
Global science: Multilaterals and Africa	1.9	3.2	1.5	–	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>10.2</b>	<b>28.7</b>	<b>22.7</b>	<b>21.1</b>	<b>–</b>	<b>–</b>	<b>–</b>
Global science: Bilateral cooperation	–	–	0.5	6.6	–	–	–
Global science: International resources	–	–	16.6	8.1	–	–	–
Global science: Multilaterals and Africa	10.2	28.7	5.6	6.4	–	–	–
<b>Non-profit institutions</b>							
<b>Current</b>	<b>8.0</b>	<b>20.2</b>	<b>4.4</b>	<b>33.8</b>	<b>49.9</b>	<b>52.1</b>	<b>56.2</b>
Global science: Bilateral Cooperation	–	–	3.4	8.5	9.0	9.5	9.9
Global science: International resources	–	–	0.2	18.5	30.5	31.5	34.1
Global science: Multilaterals and Africa	8.0	20.2	0.8	6.8	10.4	11.2	12.2

## Expenditure trends

Between 2005/06 and 2011/12, expenditure increased from R77.6 million to R146.6 million at an average annual rate of 11.2 per cent. Most of this growth occurred between 2005/06 and 2008/09, driven largely by an average annual increase of 60.3 per cent in the *International Resources* subprogramme and 44.9 per cent in the *Overseas Bilateral Cooperation* subprogramme. This was due to additional allocations to support multilateral and bilateral cooperation, especially the department's expanded involvement in the New Economic Partnership for Africa's Development's African science and technology programme. Between 2008/09 and 2011/12, expenditure grows at a slower average annual rate of 3.9 per cent as the department aims to benefit from cross-border flows of knowledge, innovation, capacity and resources through increased international cooperation.

## Programme 4: Human Capital and Knowledge Systems

- *Human Capital and Science Platforms* formulates and implements programmes that address the availability of human capital for science, technology and innovation. It ensures the production of new knowledge to build South Africa's knowledge resources. Funding is provided to institutions, such as the National Research Foundation, and programmes, such as human resource development and research chairs, on the basis of agreed business plans.
- *Indigenous Knowledge Systems* focuses on developing indigenous knowledge and integrating it into the national system of innovation by developing and integrating policy and undertaking strategic projects through the national indigenous knowledge systems office. Funding is largely for compensation of employees and associated goods and services expenditure.
- *Emerging Research Areas and Infrastructure* steers the advancement of novel and cross-cutting research areas and the establishment of world class research infrastructure in the national system of innovation. Funding is provided to institutions and programmes, such as the South African Research Network and the frontier science and technology programme, on the basis of approved business plans.

## Objectives and measures

- Build human capital for research, development and innovation by developing an innovation enabling skills strategy to be approved by Cabinet by September 2009.
- Increase the number of researchers and the rate of knowledge production by placing 210 research chairs in the national system of innovation by 2010/11.
- Promote investment in human capital and knowledge production by:
  - increasing the number of centres of excellence from the current 7 to 9 by 2010
  - producing 3 000 science, engineering and technology PhDs a year by 2018.
- Provide a working research network by completing phase I of the South African National Research Network by adding Tshwane University of Technology to the existing connections.
- Improve the quality of research and redress imbalances by putting cutting edge equipment in at least 80 per cent of historically disadvantaged institutions by 2018.
- Foster industrial innovation and develop human capital in each of the identified platforms by identifying and supporting at least 2 emerging research areas by 2018.
- Promote the protection and development of indigenous knowledge systems by establishing a national bioprospecting platform, 2 research chairs, a national network of indigenous knowledge systems databases, 2 provincial nodes, and a bachelor's degree in indigenous knowledge systems by 2010.

## Service delivery and spending focus

The research chairs initiative had awarded 72 research chairs in key areas aligned to government strategies by December 2008. Innovation bursaries were awarded to 280 postgraduate degree students in 2007 and 321 in 2008. In 2008, 86 per cent of these bursaries went to black students (83 per cent in 2007) and 56 per cent to female students (55 per cent in 2007). In 2008, 43 per cent of the bursaries were awarded in engineering and

related fields. The innovation programme supported 54 postdoctoral fellows at various national system of innovation institutions.

The 7 existing centres of excellence continue to encourage cross-disciplinary and cross-institutional collaboration. 313 postgraduates have been trained in these centres, and 218 articles were published in peer reviewed journals by the end of 2007/08. The implementation of the youth into science strategy resulted in 125 unemployed science, engineering and technology graduates being deployed as volunteers at 22 centres countrywide.

The bursary funding for innovation competency students did not achieve the planned targets. 7 bursaries were awarded against a target of 30. Further bursaries will be awarded once a new, agreed curriculum is introduced by the Da Vinci Institute in 2010. The national indigenous knowledge systems office initiated 4 bioprospecting and product development flagship projects on traditional medicines, cosmeceuticals, nutraceuticals and ceramics, and registered a bachelor of indigenous knowledge systems degree with the South African Qualification Authority.

## Expenditure estimates

**Table 31.7 Human Capital and Knowledge Systems**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Human Capital and Science Platforms	631.4	751.9	943.6	1 061.2	1 117.7	1 280.1	1 458.4
Indigenous Knowledge Systems	5.3	8.4	10.5	11.9	25.2	27.2	29.1
Emerging Research Areas and Infrastructure	2.3	115.8	318.7	379.8	455.1	488.5	530.6
<b>Total</b>	<b>639.0</b>	<b>876.1</b>	<b>1 272.9</b>	<b>1 452.8</b>	<b>1 598.0</b>	<b>1 795.8</b>	<b>2 018.1</b>
Change to 2008 Budget estimate				2.6	(17.7)	25.3	141.3

### Economic classification

<b>Current payments</b>	<b>16.5</b>	<b>17.9</b>	<b>21.4</b>	<b>23.9</b>	<b>29.1</b>	<b>30.8</b>	<b>32.5</b>
Compensation of employees	9.7	10.2	11.9	16.0	20.9	22.2	23.5
Goods and services	6.8	7.7	9.5	7.9	8.1	8.6	9.0
<i>of which:</i>							
Administrative fees	0.0	0.0	0.1	0.0	0.1	0.1	0.1
Advertising	0.2	0.2	0.3	0.8	0.1	0.1	0.1
Assets less than R5 000	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Bursaries (employees)	0.0	0.0	0.0	–	–	–	–
Catering: Departmental activities	0.1	0.1	0.1	0.1	0.4	0.4	0.5
Communication	0.5	0.5	0.7	0.6	0.7	0.8	0.8
Computer services	0.1	0.1	0.2	0.1	0.1	0.1	0.1
Consultants and professional services: Business and advisory services	–	–	–	–	0.6	0.6	0.7
Consultants and professional services: Legal costs	–	–	–	0.7	–	–	–
Contractors	0.0	0.0	0.0	0.0	0.2	0.2	0.2
Agency and support / outsourced services	1.5	1.7	2.0	0.8	0.5	0.5	0.6
Entertainment	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Inventory: Other consumables	–	–	–	0.0	–	–	–
Inventory: Stationery and printing	0.6	0.6	0.8	0.4	1.0	1.1	1.1
Lease payments	0.1	0.1	0.2	0.0	0.2	0.2	0.2
Travel and subsistence	2.8	3.2	3.9	4.0	3.5	3.7	3.9
Training and development	0.0	0.0	0.0	–	–	–	–
Operating expenditure	0.6	0.6	0.8	0.1	0.5	0.6	0.6
Venues and facilities	0.4	0.4	0.5	–	0.2	0.2	0.2

Table 31.7 Human Capital and Knowledge Systems (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>622.5</b>	<b>857.9</b>	<b>1 251.5</b>	<b>1 428.8</b>	<b>1 568.9</b>	<b>1 765.0</b>	<b>1 985.4</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	564.0	774.9	936.1	1 105.8	1 276.2	1 456.3	1 644.2
Universities and technikons	4.8	6.5	8.3	3.3	–	–	–
Public corporations and private enterprises	22.7	47.1	259.9	229.0	–	–	–
Non-profit institutions	30.6	29.3	47.2	90.6	292.6	308.6	341.3
Households	0.3	0.0	0.0	0.1	–	–	–
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.3</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Machinery and equipment	0.0	0.3	0.1	0.2	0.1	0.1	0.1
<b>Total</b>	<b>639.0</b>	<b>876.1</b>	<b>1 272.9</b>	<b>1 452.8</b>	<b>1 598.0</b>	<b>1 795.8</b>	<b>2 018.1</b>

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>553.0</b>	<b>724.9</b>	<b>886.1</b>	<b>965.2</b>	<b>979.6</b>	<b>1 136.1</b>	<b>1 301.8</b>
Frontier science and technology	8.9	35.0	20.5	–	–	–	–
Human resources development	12.6	55.0	169.4	260.2	281.2	377.6	489.1
Indigenous knowledge system	–	2.5	1.6	–	–	–	–
Learnerships	–	–	–	6.6	6.7	7.1	7.8
National Research Foundation	516.9	596.7	657.7	683.4	691.7	751.4	804.9
Science and youth	–	2.5	2.6	–	–	–	–
Science themes	14.6	33.3	34.3	14.9	–	–	–
<b>Capital</b>	<b>11.0</b>	<b>50.0</b>	<b>50.0</b>	<b>140.6</b>	<b>296.6</b>	<b>320.2</b>	<b>342.3</b>
Equipment placement	11.0	–	–	–	–	–	–
Research and development infrastructure	–	50.0	50.0	51.6	203.1	221.4	237.6
South African National Research Network	–	–	–	89.0	93.5	98.8	104.7
<b>Universities and technikons</b>							
<b>Current</b>	<b>4.8</b>	<b>6.5</b>	<b>8.3</b>	<b>3.3</b>	<b>–</b>	<b>–</b>	<b>–</b>
Frontier science and technology	3.4	0.7	–	–	–	–	–
Human resources development	–	1.0	6.4	–	–	–	–
Indigenous knowledge system	–	0.2	1.2	–	–	–	–
Science and youth	0.7	1.3	0.4	3.3	–	–	–
Science themes	0.7	3.4	0.0	–	–	–	–
Women in science	–	–	0.3	–	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>22.7</b>	<b>5.1</b>	<b>97.9</b>	<b>3.9</b>	<b>–</b>	<b>–</b>	<b>–</b>
Frontier science and technology	12.4	0.4	83.0	–	–	–	–
Human resources development	–	–	9.6	3.5	–	–	–
Indigenous knowledge system	–	–	0.5	0.4	–	–	–
Learnerships	3.1	4.4	3.1	–	–	–	–
Science themes	7.3	0.3	1.7	–	–	–	–
<b>Capital</b>	<b>–</b>	<b>42.0</b>	<b>162.0</b>	<b>225.2</b>	<b>–</b>	<b>–</b>	<b>–</b>
Frontier science and technology	–	20.0	–	136.2	–	–	–
South African National Research Network	–	22.0	162.0	–	–	–	–
Research and development infrastructure	–	–	–	89.0	–	–	–

Table 31.7 Human Capital and Knowledge Systems (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Non-profit institutions</b>							
<b>Current</b>	<b>30.6</b>	<b>29.3</b>	<b>47.2</b>	<b>82.3</b>	<b>261.3</b>	<b>268.7</b>	<b>297.0</b>
Academies	2.5	3.0	3.4	5.6	9.9	10.6	11.2
Centre for High Performance Computing	–	–	–	–	61.3	70.4	80.1
Emerging research areas	–	–	–	–	59.8	51.6	57.1
Frontier science and technology	3.7	5.3	–	–	–	–	–
Human resources development	–	–	10.5	–	–	–	–
Indigenous knowledge systems	3.5	0.8	1.0	4.4	15.9	17.4	18.7
Learnerships	1.9	–	–	–	–	–	–
Science and youth	15.9	16.4	25.0	42.3	52.3	55.9	61.3
Science themes	3.1	3.8	7.3	29.6	59.0	59.6	65.3
Women in science	–	–	–	0.5	0.4	0.4	0.5
Technology Top 100	–	–	–	–	2.6	2.7	2.9
<b>Capital</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8.4</b>	<b>31.3</b>	<b>40.0</b>	<b>44.2</b>
Frontier science and technology	–	–	–	8.4	–	–	–
National nanotechnology centres	–	–	–	–	29.9	38.3	42.4
Centre for High Performance Computing	–	–	–	–	1.4	1.6	1.8

## Expenditure trends

Expenditure increased at an average annual rate of 21.1 per cent from R639 million in 2005/06 to R2 billion in 2011/12. Expenditure has grown substantially in the past three years, increasing by approximately R200 million per year at an average annual rate of 31.5 per cent. This is driven by increased expenditure in the *Human Capital and Science Platforms* and *Emerging Research Areas and Infrastructure* subprogrammes in the form of transfers, particularly to the National Research Foundation and the South African Research Network. Over the medium term, the budget grows at a steady average annual rate of 11.6 per cent. This is driven by additional funding of R50 million for postgraduate bursaries and R150 million to the National Research Foundation for the research chair initiative.

## Programme 5: Socioeconomic Partnerships

- *Science and Technology for Economic Impact* aims to realise government's strategic economic growth and sector development objectives through four major interventions or technology missions: ICT; advanced manufacturing; resource based industries; and climate change challenges.
- *Science and Technology for Social Impact* aims to introduce and promote innovative technology and management competencies to support the creation of sustainable job and wealth opportunities in poor municipal areas by focusing on sustainability and contributing to human settlement issues. The activities require interdepartmental cooperation and partnerships with science councils for extending scientific research and technology applications to address identified priorities in different sectors, as well as the millennium development goals. The subprogramme develops new innovations and technology based solutions to promote an integrated approach to service delivery and enhance capabilities in implementing community infrastructure projects.
- *Science and Technology Investment* leads and supports the development of science and technology indicators, monitors national science and technology expenditure and planning, and implements section 11D of the Income Tax Act (1962), which involves administering reporting by private companies on research and development claims against the tax allowance.

Funding for all three subprogrammes is dominated by transfers to a range of research and innovation entities and institutions, allocated on the strength of approved business plans.

## Objectives and measures

- Develop new industries in ICT products and services, metals beneficiation, chemicals production and smart materials by initiating 1 research and development led intervention for each by 2009.
- Support the development of poverty alleviation and sustainable livelihoods policy and strategy by doing evidence based research on 3 priority topics by 2009.
- Contribute to improving government decision making on science and technology as productive investments by producing 2 evaluation reports on public funding for science and technology activities by December 2009.
- Increase the value of public sector procurement contracts accessed by local technology intensive companies through a focused technology localisation effort which provides assistance to at least 25 companies per year.

## Service delivery and spending focus

The wireless mesh network project was taken to the next level by developing 3 large scale demonstrators. The global change science plan, which provides a clear indication of the key science and research work required to address the global climate change challenge, was finalised.

Building on the sector specific research and development studies conducted in 2007/08 and 2008/09, the department continued to support other government departments to develop their sector based research and development plans. This resulted in the approval of the national agricultural research and development strategy in 2008 and improved coordination and information sharing with other departments that have science and technology mandates.

The improved tax incentive to encourage spending on research and development received its first application in November 2007. The department focused on creating broad public awareness about the incentive and its requirements.

The department continues to monitor indicators for science, technology and innovation. In 2008/09, the national survey on research and experimental development was completed. The department facilitated the development of an integrated planning and development model, which includes a toolkit for integrated planning with an e-based planning platform. The model is aimed at improving the implementation of integrated community infrastructure, including housing, sanitation, transport, and the delivery of community services such as water, electricity, schools and clinics.

The digital doorway initiative is a computer based education platform for the youth. Over 200 instruments containing Wikipedia and over 10 000 books have been provided across South Africa, mainly in public libraries, community centres and schools. The instruments allow wireless communication and can run on solar power, enabling installation in remote rural areas. This is a joint initiative with the Council for Scientific and Industrial Research.

## Expenditure estimates

**Table 31.8 Socioeconomic Partnerships**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Science and Technology for Economic Impact	715.0	769.0	851.5	865.2	896.7	963.6	1 025.7
Science and Technology for Social Impact	166.1	216.0	254.1	271.9	270.0	291.8	309.6
Science and Technology Investment	2.7	5.5	4.8	22.7	24.0	26.5	28.1
<b>Total</b>	<b>883.8</b>	<b>990.6</b>	<b>1 110.4</b>	<b>1 159.9</b>	<b>1 190.7</b>	<b>1 281.9</b>	<b>1 363.3</b>
Change to 2008 Budget estimate				12.9	2.6	1.6	6.3

Table 31.8 Socioeconomic Partnerships (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>10.9</b>	<b>21.2</b>	<b>24.6</b>	<b>30.3</b>	<b>43.6</b>	<b>46.0</b>	<b>48.5</b>
Compensation of employees	5.6	12.9	16.1	20.1	28.8	30.5	32.3
Goods and services	5.3	8.4	8.5	10.2	14.7	15.5	16.2
<i>of which:</i>							
Communication	0.5	0.8	0.8	0.6	1.0	1.0	1.1
Computer services	0.2	0.4	0.4	0.2	0.1	0.1	0.1
Consultants and professional services: Business and advisory services	–	–	–	4.3	8.4	8.8	9.2
Agency and support / outsourced services	1.6	2.6	2.6	0.8	0.4	0.5	0.5
Lease payments	0.1	0.1	0.2	0.2	0.4	0.5	0.5
Travel and subsistence	2.1	3.4	3.4	3.0	3.0	3.1	3.3
Venues and facilities	0.1	0.2	0.2	0.1	0.5	0.5	0.5
<b>Transfers and subsidies</b>	<b>872.8</b>	<b>969.0</b>	<b>1 085.4</b>	<b>1 129.4</b>	<b>1 146.7</b>	<b>1 235.5</b>	<b>1 314.4</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	177.2	204.7	250.5	398.7	510.1	557.6	591.4
Universities and technikons	4.7	8.9	17.8	3.5	–	–	–
Public corporations and private enterprises	563.9	634.6	693.9	607.3	581.1	614.0	650.6
Non-profit institutions	126.9	120.8	123.2	119.9	55.6	63.8	72.3
Households	0.0	0.0	0.0	–	–	–	–
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
Machinery and equipment	0.1	0.3	0.3	0.2	0.4	0.4	0.4
<b>Total</b>	<b>883.8</b>	<b>990.6</b>	<b>1 110.4</b>	<b>1 159.9</b>	<b>1 190.7</b>	<b>1 281.9</b>	<b>1 363.3</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>177.2</b>	<b>204.7</b>	<b>250.5</b>	<b>398.7</b>	<b>510.1</b>	<b>557.6</b>	<b>591.4</b>
Advanced manufacturing technology strategy	–	–	–	48.0	47.7	51.5	54.6
Centres of excellence	20.0	–	–	–	–	–	–
Global change science and technology	–	–	–	17.0	22.8	31.7	33.6
Human and social development dynamics	–	–	–	26.5	23.3	38.1	40.6
Human Science Research Council	104.3	121.5	155.9	163.9	157.6	165.0	175.0
Information communication technology	–	13.0	16.0	–	–	–	–
Leveraging services strategy	–	1.7	–	–	–	–	–
Local manufacturing capacity	–	–	–	16.8	25.7	28.2	29.9
Local systems of innovation	–	–	–	1.5	7.8	8.6	9.1
National public assets	43.0	43.0	43.0	–	–	–	–
Natural resources and public assets	–	–	–	30.2	55.3	58.5	62.0
Quality of life nuclear technologies	–	–	–	5.0	5.0	5.9	6.3
Research information management system	–	–	–	14.0	9.9	5.9	6.3
Resource based industries	0.7	–	–	16.3	34.9	36.9	39.1
Science and technology indicators	–	–	–	3.0	4.0	9.9	10.5
South African National Energy Research Institute	–	–	–	–	–	–	–
South African research chairs initiative for human sciences	–	–	–	18.5	21.3	18.3	19.4
Technology for poverty alleviation	1.5	6.2	24.0	17.7	25.6	28.1	29.8
Technology for sustainable livelihoods	1.4	–	0.3	20.4	32.9	32.5	34.4
Technology planning and diffusion	6.5	19.3	11.3	–	–	–	–
Tshumisano Trust	–	–	–	–	36.4	38.6	40.9



Table 31.8 Socioeconomic Partnerships (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Universities and technikons</b>							
<b>Current</b>	<b>4.7</b>	<b>8.9</b>	<b>17.8</b>	<b>3.5</b>	–	–	–
Biofuels	–	–	1.5	–	–	–	–
Information communication technology	0.3	–	–	–	–	–	–
Leveraging services strategy	–	0.6	–	–	–	–	–
South African National Energy Research Institute	0.5	–	–	–	–	–	–
Technology for poverty alleviation	1.5	–	9.0	–	–	–	–
Technology for sustainable livelihoods	2.4	8.3	7.3	3.1	–	–	–
Local systems of innovation	–	–	–	0.4	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>563.9</b>	<b>634.6</b>	<b>693.9</b>	<b>607.3</b>	<b>581.1</b>	<b>614.0</b>	<b>650.6</b>
Advanced manufacturing technology strategy	41.5	41.8	47.7	–	–	–	–
Biofuels	–	–	3.0	–	–	–	–
Council for Scientific and Industrial Research	431.6	483.2	517.4	554.7	581.1	614.0	650.6
Council for Scientific and Industrial Research: National Laser Centre	18.0	–	–	–	–	–	–
Information communication technology	13.7	14.2	54.2	24.6	–	–	–
Resource based industries	15.1	24.2	22.2	13.4	–	–	–
Technology for poverty alleviation	7.9	20.1	–	6.0	–	–	–
Technology for sustainable livelihoods	31.1	44.7	45.0	8.7	–	–	–
Technology planning and diffusion	5.0	6.4	4.4	–	–	–	–
<b>Non-profit institutions</b>							
<b>Current</b>	<b>126.9</b>	<b>120.8</b>	<b>123.2</b>	<b>119.9</b>	<b>55.6</b>	<b>63.8</b>	<b>72.3</b>
Advanced manufacturing technology strategy	–	10.0	10.0	–	–	–	–
Biofuels	–	–	–	–	–	–	–
Information communication technology	–	–	–	45.3	55.6	63.8	72.3
Leveraging services strategy	–	0.6	–	–	–	–	–
National Energy Corporation of South Africa: Fluoro chemicals	20.0	–	–	–	–	–	–
Resource based industries	4.4	5.5	5.4	3.5	–	–	–
South African National Energy Research Institute	19.5	40.0	42.0	–	–	–	–
Technology for poverty alleviation	2.0	9.0	7.0	–	–	–	–
Technology for sustainable livelihoods	12.2	–	0.4	–	–	–	–
Technology planning and diffusion	68.8	55.7	22.5	–	–	–	–
Tshumisano Trust	–	–	36.0	36.6	–	–	–
Local manufacturing capacity	–	–	–	6.8	–	–	–
Natural resources and public assets	–	–	–	22.7	–	–	–
Local systems of innovation	–	–	–	5.0	–	–	–

## Expenditure trends

Expenditure increased from R883.8 million in 2005/06 to R1.4 billion in 2011/12, an average annual increase of 7.5 per cent. This growth is more evident in the *Science and Technology for Economic Impact* subprogramme, which accounts for 75.3 per cent of programme expenditure in 2009/10, signifying the strategic importance of supporting government's objective of poverty alleviation through creating sustainable job and wealth opportunities in poor municipal areas.

The programme has not received any additional funds for the medium term, resulting in an average annual growth rate of 5.5 per cent between 2008/09 and 2011/12.

## Public entities

### Council for Scientific and Industrial Research

#### Strategic overview: 2005/06 – 2011/12

Through directed and multidisciplinary research and technological innovation, the Council for Scientific and Industrial Research aims to foster industrial and scientific development. Established under the Scientific Research Council Act (1988), the council plays a particular role in the national system of innovation. It conducts activities across the research and innovation value chain, with a focus on directed research and development. The main purpose of the council is to use science, engineering and technology to make a difference to the wellbeing of South Africans by providing technology solutions to current social and industrial challenges.

The Council's 2005 revised organisational strategy is based on the following key strategic objectives: building and transforming human capital; strengthening the science, education and technology base; performing relevant research and development; and transferring technology and skilled human capital.

The council conducts multidisciplinary research on energy, health, the built environment, the natural environment, mining, defence, public safety, manufacturing, space and ICT. These research themes cut across its organisational units.

#### Selected performance and operations indicators

**Table 31.9 Council for Scientific and Industrial Research**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of permanent staff studying towards masters or PhD degrees	Human capital development	–	–	90	95	115	130	150
Total number of bursaries granted for university study	Human capital development	–	–	134	150	178	208	238
Percentage of science, engineering and technology workers who are black	Human resource management	–	49%	52%	53%	55%	56%	56%
Total number of staff with PhD qualifications	Human resource management	197	237	234	240	255	270	285
Number of publications by staff each year	Science and technology outputs	177	220	343	346	366	386	406
Value of contract research and development formally recognised as supporting national strategies	Contract research and development	–	R274.3m	R373.5m	R375m	R400m	R 430.0 m	R455m
Number of new international patents granted	Research and development outcomes	4	12	21	15	18	22	18

#### Service delivery and spending focus

Research projects are under way to develop construction technologies for affordable, sustainable, high quality housing for middle to low income earners. The council is a key partner in a special project of the Western Cape Ministry of Housing for constructing 611 40 m<sup>2</sup>, one-bedroomed houses in Kleinmond.

The council has embarked on a research programme to improve the performance of South Africa's road networks by developing a new advanced road pavement design platform for materials design, road pavement structural design and accelerated pavement testing. This scientific approach to pavement design will lead to the construction of more durable roads with lower maintenance costs.

In partnership with various local and provincial governments, universities and other organisations, the council is involved in developing strategies for crime prevention.

The council's satellite technology has been applied successfully to provide input for decision making in a number of strategic areas, such as agro-environment, food security, ocean resources, water management,

disaster management and mitigation, housing development, utilities and infrastructure planning, mining safety and national safety and security. In partnership with ESKOM, the council has developed a fire alert system which uses satellite imagery to spot fires that have the potential to damage the electricity distribution network.

The council's health research has led to the development of a herbal extract for the treatment of mild asthma, colds, influenza and sinus problems. The results have pointed to the mode of action through which this traditional remedy acts, and are the first scientific evidence that validates the traditional use of the plant for treating asthma.

Multidisciplinary research is conducted to support the effective management of water resources, including in virology, parasitology, bacteriology, biotoxicity, chemistry and health risk assessment.

The council also provides a host of specialised, recurring consulting services to the private and public sector, including on forensic fire investigation, mine rope testing, specialised chemical and analytical services and environmental analysis.

## Expenditure estimates

**Table 31.10 Council for Scientific and Industrial Research: Activity information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Defence, peace, safety and security	156.1	172.9	217.2	246.4	250.7	270.9	295.3
Materials science and manufacturing	114.3	131.2	146.4	162.5	165.4	178.7	194.8
Biosciences	93.5	97.8	126.7	131.5	133.8	144.6	157.6
Natural resources and the environment	207.0	188.0	181.2	193.9	197.3	213.2	232.4
Built environment	130.6	110.6	126.5	145.4	148.0	159.9	174.3
Other activities	278.8	460.3	445.2	561.8	567.5	599.2	624.2
<b>Total expense</b>	<b>980.2</b>	<b>1 160.7</b>	<b>1 243.3</b>	<b>1 441.5</b>	<b>1 462.8</b>	<b>1 566.5</b>	<b>1 678.5</b>

**Table 31.11 Council for Scientific and Industrial Research: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>616.7</b>	<b>726.8</b>	<b>868.5</b>	<b>951.7</b>	<b>980.1</b>	<b>1 056.9</b>	<b>1 138.5</b>
Sale of goods and services other than capital assets	581.6	660.6	776.9	877.7	917.8	1 000.2	1 087.2
of which:							
Research revenue	581.6	660.6	776.9	877.7	917.8	1 000.2	1 087.2
Other non-tax revenue	35.1	66.2	91.6	74.0	62.2	56.7	51.3
<b>Transfers received</b>	<b>421.6</b>	<b>460.4</b>	<b>429.0</b>	<b>520.9</b>	<b>515.7</b>	<b>544.7</b>	<b>577.1</b>
<b>Total revenue</b>	<b>1 038.3</b>	<b>1 187.2</b>	<b>1 297.5</b>	<b>1 472.6</b>	<b>1 495.8</b>	<b>1 601.5</b>	<b>1 715.6</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>980.2</b>	<b>1 160.6</b>	<b>1 243.4</b>	<b>1 441.5</b>	<b>1 462.8</b>	<b>1 566.5</b>	<b>1 678.5</b>
Compensation of employees	541.8	592.8	628.3	725.6	784.7	843.1	905.5
Goods and services	380.8	510.7	580.6	640.8	593.2	630.5	670.8
Depreciation	40.2	50.7	28.1	75.1	84.9	92.9	102.2
Interest, dividends and rent on land	17.4	6.4	6.4	–	–	–	–
<b>Total expenses</b>	<b>980.2</b>	<b>1 160.7</b>	<b>1 243.3</b>	<b>1 441.5</b>	<b>1 462.8</b>	<b>1 566.5</b>	<b>1 678.5</b>
<b>Surplus / (Deficit)</b>	<b>58.1</b>	<b>26.5</b>	<b>54.3</b>	<b>31.1</b>	<b>33.0</b>	<b>35.0</b>	<b>37.1</b>
<b>Statement of financial position</b>							
Carrying value of assets	300.1	219.1	225.4	345.5	349.6	363.7	379.3
of which: Acquisition of assets	119.7	66.4	41.8	195.1	89.0	107.1	117.8
Investments	17.8	200.0	–	–	–	–	–
Inventory	46.9	43.2	61.7	58.0	42.7	58.5	64.4
Receivables and prepayments	160.0	146.9	267.1	209.1	237.6	268.1	299.4
Cash and cash equivalents	294.0	379.2	691.5	584.2	576.8	588.6	647.4
Assets not classified elsewhere	–	95.1	94.9	–	–	–	–
<b>Total assets</b>	<b>818.8</b>	<b>1 083.6</b>	<b>1 340.6</b>	<b>1 196.8</b>	<b>1 206.7</b>	<b>1 279.0</b>	<b>1 390.5</b>

**Table 31.11 Council for Scientific and Industrial Research: Activity information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Accumulated surplus/deficit	319.9	347.7	392.7	423.9	456.9	491.9	529.0
Post-retirement benefits	14.9	12.8	8.6	5.6	1.8	–	–
Trade and other payables	387.4	623.8	819.5	684.2	657.8	689.2	755.4
Provisions	65.3	72.2	76.6	83.1	90.2	97.8	106.2
Liabilities not classified elsewhere	31.3	27.1	43.1	–	–	–	–
<b>Total equity and liabilities</b>	<b>818.8</b>	<b>1 083.6</b>	<b>1 340.6</b>	<b>1 196.8</b>	<b>1 206.7</b>	<b>1 279.0</b>	<b>1 390.5</b>

### Expenditure trends

The Council for Scientific and Industrial Research is funded by transfers (as a core grant) by the Department of Science and Technology as well as ringfenced allocations, and generates about 62 per cent of its total revenue from research and development contract income. Allocations over the MTEF period are R592 million, R627 million and R664 million (including value added tax). Over and above the MTEF allocations, the council receives additional (ringfenced) allocations of R73 million, R80 million and R84 million over the same period, reflecting an average annual increase of 4.6 per cent.

Over the medium term, the council's estimated revenue is set to grow at an average annual rate of 5.3 per cent from R1.5 billion in 2008/09 to R1.7 billion in 2011/12.

### National Research Foundation

#### Strategic overview: 2005/06 – 2011/12

The National Research Foundation was established in line with the National Research Foundation Act (1998). The foundation is responsible for promoting and supporting research in all fields of the humanities, the social and natural sciences, engineering and technology. It serves as a catalyst for stimulating both fundamental and applied research for a broader knowledge economy by supporting knowledge production and highly skilled human capital needs and providing critical science platforms.

In accordance with the legislation, the National Research Foundation performs an agency function on behalf of the Department of Science and Technology, and is a service provider to all government departments. The clustered activities of the foundation include: research innovation support and advancement; national research facilities; astro, space and geosciences; biodiversity and conservation; and nuclear sciences.

In 2007/08, the foundation developed a new strategic plan reaching to 2015. The plan recognises the following high level strategic goals, aimed at contributing to a prosperous and sustainable continent: an internationally competitive science, technology and innovation system; a representative research and technical workforce; world class science benchmarking and granting systems; leading edge research, technology and innovation platforms; and a vibrant national system of innovation.

Medium term priorities are to increase student bursary values and establish a stable funding base in order to recapitalise equipment and the national research facilities' infrastructure.

### Selected performance and operations indicators

**Table 31.12 National Research Foundation**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of honours students supported each year	662	687	274	715	772	834	884
Number of masters students supported each year	2 003	2 496	1 954	2 329	2 505	2 706	2 868
Numbers of PhD students supported each year	1 179	1 417	1 098	1 293	1 396	1 508	1 598
Number of black researchers supported each year	473	494	497	427	469	517	548
Number of female researchers supported each year	600	670	681	500	549	605	641
Number of researchers supported each year	1 617	1 680	1 716	916	1 006	1 108	1 175

**Table 31.12 National Research Foundation (continued)**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of masters and PhD students supervised by National Research Foundation staff each year	146	167	203	261	313	391	415
Number of peer reviewed publications by researchers funded through the Research and Innovation Support Agency each year	3 024	2 534	3 030	3 273	3 437	3 609	3 825
Number of refereed journal articles by National Research Foundation staff each year	119	164	264	175	186	197	209

### Service delivery and spending focus

The National Research Foundation has established a separate business unit to manage the activities of the Square Kilometre Array project. Progress with the development of KAT7 is on track, with the acquisition of the site in the Karoo being finalised and construction having commenced.

The foundation's rating system is one of the main instruments used to evaluate the quality of research in South Africa and contributes to an increasingly competitive science system. The system was reviewed by the Higher Education Statistics Agency in 2007/08 and road shows were taken to 48 tertiary and research institutions to raise awareness of the results. In 2008/09, the number of rated researchers across all disciplines at South African higher education institutions and science councils increased from 49 to 1 653.

In line with the department's human capital development strategy, the National Research Foundation launched the PhD project in November 2007. A PhD fair in May 2008 was attended by about 300 participants representing academia, business, and government. The PhD project aims to facilitate an increase in the numbers of South African PhD graduates to strengthen academic expertise and talent for the knowledge economy. The project has already successfully negotiated 10 fully paid scholarships at Singapore University and 17 co-funded scholarships at Vrije Universiteit in Amsterdam. Discussions are ongoing with Rutgers University, the German Science Council and the Common Wealth Research Council for scholarships.

The research information management system, hosted by the National Research Foundation on behalf of the research and academic sector, has progressed substantially during the year, with two modules implemented and other modules in development. The University of the Witwatersrand is using the research output module for submitting research output data to the Department of Education, soon to be followed by other members of the research information management consortium. The process of awarding research chairs has progressed more slowly than anticipated due to funding constraints. However, 18 research chairs are expected to be awarded by the end of March 2009.

Grant holders supported through core government funds increased from 1 680 in 2006/07 to 1 716 in 2007/08, with an average grant size of R89 000. This represents 4 out of every 10 fundable projects. Total research outputs, such as peer-reviewed articles, increased by 13 per cent from 2 507 in 2006/07 to 2 884 in 2007/08. International collaborations increased from 190 in 2006/07 to 231 in 2007/08.

The number of students supported through Research and Innovation Support Agency grant holder linked and free standing bursaries decreased from 4 678 in 2006/07 to 3 675 in 2007/08 due to the competitive funding process, an increase in bursary values, and an increasing number of science councils offering their own bursaries at higher levels to students.

During 2007/08, the National Zoological Gardens, a facility of the National Research Foundation, was awarded gold status by the heritage environmental rating programme for environmental practices. Despite this, an inability to adequately sustain maintenance due to funding constraints led to the suspension of its accreditation with the Pan African Association for Zoos, Aquaria and Botanical Gardens.

## Expenditure estimates

**Table 31.13 National Research Foundation: Programme information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Research innovation support and advancement	737.7	485.4	581.4	745.5	906.9	936.4	1 004.1
National facilities	245.1	280.0	316.9	320.7	347.2	375.0	392.6
South African Agency for Science and Technology Advancement	27.5	29.0	30.1	46.9	39.4	42.6	44.6
Square Kilometre Array project	20.4	30.5	47.4	76.5	113.0	163.8	196.4
<b>Total expense</b>	<b>1 030.7</b>	<b>824.9</b>	<b>975.8</b>	<b>1 189.6</b>	<b>1 406.5</b>	<b>1 517.8</b>	<b>1 637.7</b>

**Table 31.14 National Research Foundation: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>447.3</b>	<b>255.6</b>	<b>491.2</b>	<b>653.1</b>	<b>869.3</b>	<b>1 161.5</b>	<b>1 027.4</b>
Sale of goods and services other than capital assets of which:	7.7	19.8	25.3	25.2	30.2	33.5	36.2
Sales by market establishments	7.7	19.8	25.3	25.2	30.2	33.5	36.2
Other non-tax revenue	439.7	235.8	465.9	627.9	839.1	1 128.0	991.3
<b>Transfers received</b>	<b>542.1</b>	<b>580.4</b>	<b>621.3</b>	<b>399.8</b>	<b>537.2</b>	<b>356.3</b>	<b>610.2</b>
<b>Total revenue</b>	<b>989.5</b>	<b>836.0</b>	<b>1 112.5</b>	<b>1 052.9</b>	<b>1 406.5</b>	<b>1 517.8</b>	<b>1 637.7</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>393.8</b>	<b>427.5</b>	<b>491.8</b>	<b>660.2</b>	<b>652.1</b>	<b>743.1</b>	<b>799.4</b>
Compensation of employees	203.6	221.7	242.8	308.8	341.9	376.0	394.9
Goods and services	179.0	190.1	219.9	319.4	276.7	322.2	350.4
Depreciation	11.1	15.1	28.6	31.5	33.0	44.4	53.6
Interest, dividends and rent on land	0.2	0.7	0.4	0.4	0.5	0.5	0.5
<b>Transfers and subsidies</b>	<b>636.9</b>	<b>397.4</b>	<b>484.0</b>	<b>529.4</b>	<b>754.4</b>	<b>774.7</b>	<b>838.3</b>
<b>Total expenses</b>	<b>1 030.7</b>	<b>824.9</b>	<b>975.8</b>	<b>1 189.6</b>	<b>1 406.5</b>	<b>1 517.8</b>	<b>1 637.7</b>
<b>Surplus / (Deficit)</b>	<b>(41.2)</b>	<b>11.2</b>	<b>136.7</b>	<b>(136.7)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Statement of financial position</b>							
Carrying value of assets	163.1	210.6	240.1	603.3	794.8	1 232.7	1 474.3
of which: Acquisition of assets	43.4	62.8	59.8	395.0	224.4	482.4	295.1
Investments	81.1	53.4	52.0	52.0	50.0	50.0	50.0
Inventory	2.9	2.7	2.6	3.1	3.5	3.5	4.0
Loans	3.1	3.5	-	-	-	-	-
Receivables and prepayments	745.7	102.9	298.5	250.1	300.0	350.0	375.0
Cash and cash equivalents	311.5	371.2	507.3	422.3	380.0	350.0	300.0
<b>Total assets</b>	<b>1 307.4</b>	<b>744.2</b>	<b>1 100.5</b>	<b>1 330.8</b>	<b>1 528.3</b>	<b>1 986.2</b>	<b>2 203.3</b>
<b>Statement of financial performance</b>							
Accumulated surplus/deficit	(69.0)	(72.6)	42.6	(92.3)	(55.0)	(48.0)	(40.0)
Capital and reserves	77.6	77.1	98.6	125.6	125.6	125.6	125.6
Borrowings	9.8	-	-	-	-	-	-
Post-retirement benefits	88.1	89.0	93.6	96.6	99.6	102.6	105.4
Trade and other payables	1 037.4	456.6	644.5	650.0	654.7	596.8	569.4
Provisions	15.7	-	-	-	-	-	-
Liabilities not classified elsewhere	147.7	194.1	221.3	551.0	703.4	1 209.3	1 442.9
<b>Total equity and liabilities</b>	<b>1 307.4</b>	<b>744.2</b>	<b>1 100.5</b>	<b>1 330.8</b>	<b>1 528.3</b>	<b>1 986.2</b>	<b>2 203.3</b>

### Expenditure trends

The National Research Foundation is funded by transfers (as a core grant) from the Department of Science and Technology, as well as ringfenced allocations. Allocations over the MTEF period are R697 million, R759 million and R814 million. Over and above the MTEF baseline allocations, the foundation will receive additional allocations of R37 million, R43 million and R46 million.

The decrease in the audited outcome in 2006/07 and 2007/08 compared to 2005/06 is attributable to the disaggregation of two key programmes, the Innovation Fund and the technology for human resources and industry programme, from the consolidated results of the foundation. In terms of accounting standards, control over these programmes rests with the Department of Science and Technology and the Department of Trade and Industry respectively.

The foundation received a lower government grant (6 per cent) in 2007/08. However, overall income increased substantially due to the increase in contract funded programmes which correlates with the spending pattern. This impact is reflected mainly in expenditure items relating to salaries and wages and research grants. Key contract funded programmes include: the Department of Labour scarce skills study; the development of the research information management system; the South African National Antarctic Programme; the Department of Science and Technology innovation honours programme; the African coelacanth ecosystem programme; and the establishment of six South African environmental observatory network nodes. The single largest source of contract funds is from the initial phase of the Square Kilometre Array project, which is capital intensive and therefore impacts significantly on deferred income.



## Additional tables

**Table 31.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	85.3	115.1	113.4	115.3	(0.2)	115.1	115.1
2. Research, Development and Innovation	546.6	541.3	531.4	862.9	0.2	863.1	863.1
3. International Cooperation and Resources	118.0	103.8	99.4	129.3	1.5	130.8	130.8
4. Human Capital and Knowledge Systems	1 257.3	1 252.1	1 272.6	1 449.5	3.4	1 452.8	1 452.8
5. Socioeconomic Partnerships	1 135.3	1 132.0	1 110.4	1 147.0	12.9	1 159.9	1 159.9
<b>Total</b>	<b>3 142.5</b>	<b>3 144.2</b>	<b>3 127.3</b>	<b>3 704.0</b>	<b>17.7</b>	<b>3 721.7</b>	<b>3 721.7</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>222.2</b>	<b>246.9</b>	<b>211.0</b>	<b>226.6</b>	<b>16.2</b>	<b>242.9</b>	<b>242.9</b>
Compensation of employees	113.0	114.9	104.1	130.2	5.7	135.9	135.9
Goods and services	109.3	132.1	106.8	96.5	10.5	107.0	107.0
Financial transactions in assets and liabilities	—	0.0	0.1	—	—	—	—
<b>Transfers and subsidies</b>	<b>2 917.8</b>	<b>2 894.6</b>	<b>2 908.4</b>	<b>3 475.1</b>	<b>1.6</b>	<b>3 476.7</b>	<b>3 476.7</b>
Departmental agencies and accounts	1 624.9	1 616.0	1 516.9	1 927.7	(17.0)	1 910.6	1 910.6
Universities and technikons	10.0	15.0	45.8	10.0	8.3	18.3	18.3
Public corporations and private enterprises	517.4	593.5	1 023.2	550.9	328.2	879.1	879.1
Non-profit institutions	765.6	669.4	322.2	986.5	(318.2)	668.3	668.3
Households	—	0.6	0.2	—	0.4	0.4	0.4
<b>Payments for capital assets</b>	<b>2.5</b>	<b>2.7</b>	<b>7.9</b>	<b>2.3</b>	<b>(0.1)</b>	<b>2.1</b>	<b>2.1</b>
Machinery and equipment	2.5	2.7	7.9	2.3	(0.1)	2.1	2.1
<b>Total</b>	<b>3 142.5</b>	<b>3 144.2</b>	<b>3 127.3</b>	<b>3 704.0</b>	<b>17.7</b>	<b>3 721.7</b>	<b>3 721.7</b>

**Table 31.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	61.1	79.5	99.8	134.1	190.9	202.1	213.8
Unit cost (R million)	0.3	0.3	0.3	0.4	0.5	0.5	0.4
Personnel numbers (head count)	235	301	301	339	385	431	477
<b>Part time and temporary contract employees</b>							
Compensation (R million)	4.0	4.3	4.3	1.8	1.9	2.0	2.2
Unit cost (R million)	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Personnel numbers (head count)	31	33	33	14	14	14	14
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>65.1</b>	<b>83.7</b>	<b>104.1</b>	<b>135.9</b>	<b>192.8</b>	<b>204.2</b>	<b>215.9</b>
<b>Unit cost (R million)</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>
<b>Personnel numbers (head count)</b>	<b>266</b>	<b>334</b>	<b>334</b>	<b>353</b>	<b>399</b>	<b>445</b>	<b>491</b>

**Table 31.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	65.1	83.7	104.1	135.9	192.8	204.2	215.9
Training expenditure (R million)	3.3	1.0	3.6	5.2	5.0	5.1	5.4
Training as percentage of compensation	5.0%	1.1%	3.5%	3.9%	2.6%	2.5%	2.5%
Total number trained in department (head count)	113	120	127	141			
of which:							
Employees receiving bursaries (head count)	37	38	41	46			

Table 31.D Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign</b>												
<b>In cash</b>												
Canadian International Development Agency	Epidemiological modelling for HIV and AIDS policy in South Africa	Research, Development and Innovation	20 000	Departmental agencies and accounts	Improved region, age and gender specific epidemiological measures incorporated into routine surveillance. Increased capacity of young South Africans to perform gender sensitive, policy impacting epidemiological research	-	-	-	4 000	4 000	4 000	4 000
Japan International Cooperation Agency	Productivity training	International Cooperation and Resources	700	Goods and services	Increase the employability level of science and technology graduates	-	-	200	500	-	-	-
Japan International Cooperation Agency	Climate change regional conference	International Cooperation and Resources	600	Goods and services	Support the Southern Africa Development Community climate change agenda	-	-	-	600	-	-	-
Japan International Cooperation Agency	Science centre baseline study on learning material	International Cooperation and Resources	200	Goods and services	Provide quality baseline data on what learning materials are available in science centres and recommend a standardisation of learning material	-	-	-	200	-	-	-
Japan International Cooperation Agency	African Initiative for Capacity Development support	International Cooperation and Resources	200	Goods and services	Logistical and administrative support for the African Initiative for Capacity Development technical assistant	-	-	-	200	-	-	-
Japan International Cooperation Agency	Intellectual property management training	International Cooperation and Resources	1 200	Goods and services	Build South African capacity in intellectual property rights management	-	-	-	1 200	-	-	-
AUSAID, Australia	Postgraduate mentor bursary programme and South African Energy Research Institute	International Cooperation and Resources	186	Goods and services	Funded postgraduate exchange programmes, creating opportunities in energy research.	-	-	186	-	-	-	-
European Union	Sector budget support	International Cooperation and Resources	300 000	Departmental agencies and accounts	Create programmes and measures designed to reduce poverty and encourage economic growth in South Africa	-	-	-	100 000	100 000	100 000	-
Finland	Cooperation framework on innovation between Finland and South Africa	International Cooperation and Resources	30 000	Departmental agencies and accounts	Support the development of provincial and local systems of innovation, especially in Eastern Cape, Gauteng and Western Cape	-	-	10 000	10 000	10 000	-	-

Table 31.D Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2008/09	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign In cash</b>												
Finland	South Africa-Finland knowledge partnership on ICT	International Cooperation and Resources	30 000	Departmental agencies and accounts	Interventions to help South Africa become a knowledge society with ICT branding reflecting research excellence and demonstrating improvements in quality of life and economic competitiveness	-	-	10 000	10 000	10 000	-	-
Finland	Finland and South Africa to support the development of biosciences in Southern Africa	International Cooperation and Resources	30 000	Departmental agencies and accounts	Institutional strengthening of the Southern Africa biosciences network secretariat. Development of the operating environment. Capacity development. Network creation and dissemination. Identification, development and implementation of projects by the network	-	-	-	10 000	10 000	10 000	10 000
AUSAID, Australia	Science centre manager training	Human Capital and Knowledge Systems	862	Goods and services	Train 20 South African and 5 Lesotho science centre managers in South Africa initially. Further train 5 South African and 2 Lesotho participants in Australia on a similar course	-	-	-	862	-	-	-
Germany	Financial assistance towards the Academy of Sciences for the Developing World conference	International Cooperation and Resources	1 000	Goods and services	Host the multilateral Academy of Sciences for the Developing World conference, aiming at promoting scientific excellence	-	-	-	1 000	-	-	-

Table 31.D Summary of donor funding (continued)

Table 31.2: Summary of donor funding (continued)												
Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
R thousand												
Foreign												
In kind												
Japan International Cooperation Agency	African Initiative for Capacity Development technical assistance	International Cooperation and Resources	6 800	Foreign governments and international organisations	Assistance with creation and implementation of the African Initiative for Capacity Development, and the design and implementation of pilot projects	–	–	1 700	1 700	1 700	1 700	–
Japan International Cooperation Agency	Science centre senior volunteers in Limpopo	Human Capital and Knowledge Systems	6 000	Foreign governments and international organisations	Support science centres to develop teaching material for science and maths education and to develop exhibitions	–	–	1 500	1 500	1 500	1 500	–
Japan International Cooperation Agency	Science centre senior volunteers in Eastern Cape	Human Capital and Knowledge Systems	2 000	Foreign governments and international organisations	Support science centres to develop teaching material for science and maths education and to develop exhibitions	–	–	–	1 000	1 000	–	–
Japan International Cooperation Agency	Technical assistant	International Cooperation and resources	8 500	Foreign governments and international organisations	Improve bilateral relationships with the Japanese national system of innovation	1 700	1 700	1 700	1 700	1 700	–	–
Germany	Technical assistant	International Cooperation and Resources	838	Foreign governments and international organisations	Improve bilateral relationships with the German national system of innovation	–	–	–	449	389	–	–
France	Partnership on in vitro screening of inhibitors to plasmodium falciparum glutathione S-transferase platform	Research, Development and Innovation	150	Departmental agencies and accounts	Finalise the work between the Council for Scientific and Industrial Research and France on the drug development platform	–	–	–	150	–	–	–
Total			439 236			1 700	1 700	25 286	135 061	140 289	117 200	14 000

Table 31.E Summary of expenditure on infrastructure

	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12	
R million												
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)												
	Square Kilometre Array Infrastructure	Radio Telescopes	Construction of telescopes	Design	1 945.8	–	–	80.0	264.3	490.3	535.7	575.6
Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)												
	Research Centre for High Performance Computing	Research Equipment	Purchase of equipment	Identification	222.6	–	–	–	–	65.5	75.1	82.0
	Science and Technology Head Office Building	Building	Construction of building	Completed	133.0	–	133.0	–	–	–	–	–
	Research and development infrastructure	Research Equipment	Purchase of equipment	Identification	962.8	–	110.0	50.0	140.6	203.1	221.4	237.6
	Frontier Science and Technology Infrastructure	Research Equipment	Purchase of equipment	Implementation	288.0	–	40.0	103.5	144.5	–	–	–
	Space Infrastructure	Satellite	Satellite construction	Implementation	197.9	–	20.0	20.0	15.0	36.4	51.4	55.2
	Hydrogen Strategy	Research Equipment	Purchase of equipment	Implementation	195.0	–	–	10.0	40.5	44.2	48.4	51.9
	Research Equipment	Research Equipment	Purchase of equipment	Implementation	50.0	–	50.0	–	–	–	–	–
Small projects or programmes (costing less than R50 million per annum)												
	National Nanotechnology Centres	Research Centres	Equipping centres	Implementation	110.6	–	–	–	–	29.9	38.3	42.4
Total				4 105.8	–	353.0	263.5	604.9	869.4	970.3	1 044.7	



# Vote 32

## Trade and Industry

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	420.9	407.2	2.0	11.7	444.5	449.9
International Trade and Economic Development	173.5	83.0	90.1	0.5	183.3	182.4
Empowerment and Enterprise Development	1 307.9	82.1	1 225.3	0.4	979.7	1 050.1
Industrial Development	414.6	77.5	325.5	11.6	634.1	597.4
Consumer and Corporate Regulation	238.6	62.4	175.2	0.9	265.0	287.8
The Enterprise Organisation	3 440.0	80.3	3 358.9	0.8	2 868.8	3 034.0
Trade and Investment South Africa	283.1	128.3	152.9	1.9	302.7	323.1
Communications and Marketing	65.7	59.0	–	6.7	74.8	79.0
<b>Total expenditure estimates</b>	<b>6 344.2</b>	<b>979.8</b>	<b>5 329.9</b>	<b>34.5</b>	<b>5 753.0</b>	<b>6 003.8</b>
Executive authority	Minister of Trade and Industry					
Accounting officer	Director-General Trade and Industry					
Website address	www.thedti.gov.za					

### Aim

*The aim of the Department of Trade and Industry is to lead and facilitate access to sustainable economic activity and employment for all South Africans through its understanding of the economy, its knowledge of economic opportunities and potential, and its anticipation of future economic trends. The department also aims to catalyse economic transformation and development, and to provide a predictable, competitive, equitable and socially responsible environment for investment, enterprise and trade for economic citizens. In this way, the department will contribute to achieving government's vision of an adaptive and restructured economy, characterised by accelerated economic growth, employment creation and greater equity by 2014.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide strategic leadership for the department and its agencies, to ensure the successful implementation of the department's mandate through sustainable and integrated resource solutions and services that are customer centric.

#### Programme 2: International Trade and Economic Development

**Purpose:** Build an equitable global trading system that facilitates development, by strengthening trade and investment links with key economies and by fostering African development including through regional and continental integration and development cooperation in line with the New Partnership for Africa's Development (NEPAD).



### **Programme 3: Empowerment and Enterprise Development**

**Purpose:** Lead the development of policies and strategies that create an enabling environment for small, micro and medium enterprises, and enhance the competitiveness of local and provincial economies, to achieve inclusive shared equity, growth and job creation.

### **Programme 4: Industrial Development**

**Purpose:** Facilitate industrial development supported by government procurement that creates an enabling environment for competitiveness, growth and job creation.

### **Programme 5: Consumer and Corporate Regulation**

**Purpose:** Develop and implement coherent, predictable and transparent regulatory solutions that facilitate easy access to redress and efficient regulation for economic citizens.

### **Programme 6: The Enterprise Organisation**

**Purpose:** Stimulate and facilitate the development of enterprises through providing incentive measures that support investment, job creation and regional economic development, such as through industrial development zones.

### **Programme 7: Trade and Investment South Africa**

**Purpose:** Increase export capacity and support direct investment flows through strategies for targeted markets and an effectively managed network of foreign trade offices.

### **Programme 8: Communication and Marketing**

**Purpose:** Facilitate greater awareness of the department's role and increase the uptake of its products and services.

## **Strategic overview: 2005/06 – 2011/12**

The Department of Trade and Industry's medium term strategy is informed by three key objectives: increased investment levels; increased labour absorption and competitiveness; and broader participation in the economy. Concretely, these objectives relate to:

- coordinating the implementation of the Accelerated and Shared Growth Initiative for South Africa
- promoting direct investment and growth in the industrial and services economy, with particular focus on creating employment
- raising the level of exports and promoting equitable trade
- promoting broader participation, equity and redress in the economy
- contributing to the development and regional integration of Africa within the New Partnership for Africa's Development (NEPAD) framework.

### **Industrial policy and development**

To improve the performance of the real economy's investment and employment, the department is committed to implementing policy initiatives and strategies that will enable the economy to adapt and adjust to emerging challenges. The national industrial policy framework and the 2007/08 industrial policy action plan have resulted in a more rigorous and comprehensive industrial policy.

The national industrial policy framework sets out government's broad approach to industrialisation in the context of the Accelerated and Shared Growth Initiative for South Africa and key identified sectors. The

industrial policy action plan facilitates the implementation of the national industrial policy framework, setting out actions for immediate implementation in the key sectors, and cross-cutting actions such as industrial financing and measures to improve government's capacity to implement industrial policy. The department's industrial policy is aimed at structurally transforming some key sectors and simultaneously building the necessary capacity for higher levels of growth and employment.

Substantial work has been done to align industrial financing with industrial policy objectives. Incentives will be developed to promote investment and industrial competitiveness in the key sectors prioritised in the Accelerated and Shared Growth Initiative for South Africa and the national industrial policy framework, as well as in the small and medium enterprise sector.

### **Broadening participation**

The codes of good practice for broad based black economic empowerment (BEE) were gazetted in February 2007 to provide an implementation framework for BEE policy and legislation. Institutional mechanisms for monitoring and evaluating BEE are being established.

A key focus of the economic cluster has been to strengthen financial and business development support for small enterprises by improving the services offered by the Small Enterprise Development Agency and other similar agencies. A delivery network integrating both financial and non-financial support for small enterprises now covers all provinces. The Isivande Women's Fund, established in 2008, aims specifically to provide financial and business development support services to enterprises owned by women. Cabinet has approved 10 products for preferential procurement from small enterprises, and implemented measures to ensure that payments to small medium and micro enterprises (SMMEs) are processed within 30 days.

The department will accelerate the implementation of the national cooperatives strategy over the next three years to provide additional and focused support for this sector. Initiatives will include incentives for capacity building and improving competitiveness at the national, provincial and local level for registered cooperatives operating in the emerging economy.

The department will continue to partner with the Department of Provincial and Local Government and other role players, including the private sector, to provide support for spatial economic planning, local economic development and regional industrial development.

### **Trade, investment and exports**

South Africa's trade policy is being reviewed to align it more closely with the priorities set by the Accelerated and Shared Growth Initiative for South Africa and the national industrial policy framework. A key focus is on increasing the level of exports, which is critical to domestic economic growth and development, and the department will provide leadership on trade policy to support fair trade. The main objective is to increase South African exports, specifically to higher value added exports, by implementing the export strategy. The export strategy includes interventions such as providing financial assistance to exporters through export marketing and investment advice, matchmaking strategies that link local exporters with retail and trade opportunities, and market intelligence services.

The department plays a prominent and active role in the World Trade Organisation, particularly by supporting the consolidation of the G20 group of developing countries, to ensure that the interests of developing countries are represented in the industrial tariff negotiations.

Progress has been made on trade integration in the Southern African Development Community (SADC). South Africa's view is that the SADC free trade area should be consolidated by improving the rules of origin, enhancing trade facilitation, and addressing non-tariff barriers. The key policy issue arising in both the Southern Africa Customs Union and SADC is that the region's underdeveloped production structures limit the potential benefits of a more open regional trading environment.

## Regulation

Corporate, consumer and credit laws have been reformed, and competition policies and laws have been reviewed. The new Companies Act (2008) will encourage improved corporate governance and transparency, while the Consumer Protection Amendment Bill, enacted in 2008, aims to create and promote an economic environment that actively supports consumers.

The Competition Amendment Bill was also enacted in 2008, and will promote both economic growth and the competitiveness of local industry by strengthening law enforcement capacity to investigate cartels and deal with complex monopolies in a highly concentrated market. The act will be implemented with an initial focus on the four industrial policy action plan lead sectors: capital, transport equipment and metals; automotives and components; chemicals, plastic fabrication and pharmaceuticals; and forestry, pulp and paper, and furniture.

Strategic partnerships are crucial to the department's success in delivering on these strategies, and coordination with other government departments through the economic cluster, other tiers of government, and the National Economic Development and Labour Council, will continue.

## Selected performance and operations indicators

**Table 32.1 Trade and Industry**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of new projects implemented under the national industrial participation programme	Industrial Development	150	173	200	225	250	275	290
Total value of investment and export credits under the national industrial participation programme	Industrial Development	US\$5bn	US\$8bn	US\$9bn	US\$13bn	US\$14bn	US\$15bn	US\$16bn
Total number of direct jobs created through the national industrial participation programme	Industrial Development	12 000	15 000	16 500	17 500	18 500	19 000	20 000
Number of new companies implementing cleaner production activities, including energy efficiency each year	Industrial Development	5	3	18	6	20	26	32
Number of new companies receiving cleaner production audits, including energy efficiency each year	Industrial Development	11	12	55	24	80	105	130
Number of new projects receiving grants through the support programme for industrial innovation each year	Empowerment and Enterprise Development	71	84	75	85	100	110	110
Value of support programme for industrial innovation projects	Empowerment and Enterprise Development	R137m	R250.5m	R100m	R120m	R160m	R170m	R170m
Number of new projects receiving funding through the technology and human resources for industry programme each year	Empowerment and Enterprise Development	333	338	297	310	330	350	350
Number of additional students supported under the technology and human resources for industry programme each year	Empowerment and Enterprise Development	2 619	3 014	2 500	2 500	2 500	2 650	2 650
Number of additional researchers supported under the technology and human resources for industry programme each year	Empowerment and Enterprise Development	786	744	700	730	750	795	795
Number of companies assisted each year with:	The Enterprise Organisation							
- export market and investment assistance programme		1 733	1 434	1 693	1 203	1 500	1 600	1 700
- business process outsourcing and off-shoring		–	–	–	10	12	15	5
- black business supplier development programme		650	950	1 200	1 320	1 600	1 830	3 800
- enterprise development programme		3 500	3 600	3 500	3 200	1 800	600	300
- enterprise investment programme		–	–	–	50	300	500	650
- cooperatives incentive scheme		–	–	–	150	220	280	350

**Table 32.1 Trade and Industry (continued)**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of new film and television productions assisted each year	The Enterprise Organisation	20	35	40	60	80	90	100
Number of new bilateral and regional trade and investment agreements signed each year	International Trade and Economic Development	12	10	12	12	12	12	12
Number of successful technical and business trips to foreign countries and companies undertaken each year	International Trade and Economic Development	12	16	15	15	15	15	15
Key performance indicators for Coega industrial development zone:	The Enterprise Organisation							
- Number of new foreign investors each year		–	9	4	9	10	15	18
- Value of new investments each year		–	R20.4bn	R5.9bn	R22.07bn	R5bn	R7.5bn	R9bn
- Number of new jobs created each year		–	10 700	4 867	4 906	2 000	3 000	3 600
Key performance indicators for East London industrial development zone:	The Enterprise Organisation							
- Number of new foreign investors each year		3	5	6	7	5	6	7
- Value of new investments each year		R144m	R308m	R271m	R347m	R250m	R300m	R350m
- Number of new jobs created each year		200	196	649	525	360	432	504
Key performance indicators for Richards Bay industrial development zone:	The Enterprise Organisation							
- Number of new foreign investors each year		–	–	1	–	4	5	4
- Value of new investments each year		–	–	R650m	–	R1.9bn	R2bn	R2.2bn
- Number of new jobs created each year		–	–	1 200	140	375	400	500
Value of investment generated through enterprise investment programme each year	The Enterprise Organisation	–	–	–	–	R68bn	R139.6bn	R149.6bn
Key performance indicators for the critical infrastructure programme:	The Enterprise Organisation							
- Number of new projects each year		10	6	7	5	12	14	16
- Value of new investments each year		R11.1bn	R17.5bn	R9.5bn	R12bn	R6bn	R7bn	R8bn
- Number of new jobs created each year		–	18 405	6 387	910	2 510	2 820	3 520
Number of new direct jobs created each year through:	The Enterprise Organisation							
- enterprise investment programme		–	–	–	–	1 025	17 775	19 000
- business process outsourcing and off-shoring		–	–	–	5 950	2 340	8 925	2 975

## Expenditure estimates

**Table 32.2 Trade and Industry**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	257.6	278.9	310.8	395.2	395.2	420.9	444.5	449.9
2. International Trade and Economic Development	106.9	123.9	133.5	151.3	151.3	173.5	183.3	182.4
3. Empowerment and Enterprise Development	1 004.1	1 320.0	1 472.1	1 177.5	1 177.5	1 307.9	979.7	1 050.1
4. Industrial Development	210.6	253.2	331.8	443.6	443.6	414.6	634.1	597.4
5. Consumer and Corporate Regulation	93.6	131.2	137.9	173.2	173.2	238.6	265.0	287.8
6. The Enterprise Organisation	1 026.7	1 434.3	2 563.1	2 416.6	2 366.6	3 440.0	2 868.8	3 034.0
7. Trade and Investment South Africa	284.3	197.4	284.5	297.8	297.8	283.1	302.7	323.1
8. Communications and Marketing	72.7	65.8	61.5	71.7	71.7	65.7	74.8	79.0
<b>Total</b>	<b>3 056.4</b>	<b>3 804.7</b>	<b>5 295.4</b>	<b>5 126.9</b>	<b>5 076.9</b>	<b>6 344.2</b>	<b>5 753.0</b>	<b>6 003.8</b>
Change to 2008 Budget estimate				24.3	(25.7)	286.8	545.4	501.8

Table 32.2 Trade and Industry (continued)

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
<b>Economic classification</b>								
<b>Current payments</b>	<b>585.3</b>	<b>659.0</b>	<b>746.9</b>	<b>969.8</b>	<b>969.8</b>	<b>979.8</b>	<b>1 048.1</b>	<b>1 093.1</b>
Compensation of employees	230.6	283.6	327.5	412.0	412.0	450.5	476.2	486.1
Goods and services	333.9	367.3	393.6	557.8	557.8	529.3	571.9	607.0
of which:								
Administrative fees	2.1	2.5	4.1	–	–	5.4	3.3	3.5
Advertising	7.8	11.5	12.8	24.6	24.6	22.1	19.0	20.8
Assets less than R5 000	0.4	0.3	0.2	–	–	1.9	1.8	2.0
Audit costs: External	4.3	4.0	3.9	–	–	5.9	6.4	6.7
Bursaries (employees)	0.5	0.5	0.4	–	–	2.2	1.8	2.0
Catering: Departmental activities	0.7	1.1	2.2	–	–	2.8	4.3	2.7
Communication	13.7	12.4	16.0	14.3	14.3	12.4	13.1	14.2
Computer services	11.5	4.9	10.1	10.8	10.8	11.3	11.9	12.7
Consultants and professional services:	84.3	67.8	29.2	100.1	100.1	80.2	92.4	94.2
Business and advisory services								
Consultants and professional services:	–	1.0	0.0	6.4	6.4	–	0.0	0.0
Infrastructure and planning								
Consultants and professional services:	3.3	4.3	5.0	–	–	0.2	0.2	1.1
Legal costs								
Contractors	0.8	10.5	12.2	–	–	20.3	21.1	22.9
Agency and support / outsourced services	5.0	0.4	8.6	–	–	3.1	3.3	3.5
Entertainment	0.6	1.3	1.7	–	–	1.2	1.3	1.6
Inventory: Stationery and printing	9.1	8.0	7.5	10.3	10.3	10.6	13.7	15.6
Lease payments	17.1	23.4	14.6	158.4	158.4	162.0	172.1	162.5
Owned and leasehold property expenditure	10.6	2.6	9.4	6.5	6.5	7.2	7.7	8.1
Travel and subsistence	40.1	66.3	75.9	93.4	93.4	85.8	86.7	97.3
Training and development	0.9	0.6	1.6	–	–	8.8	7.6	9.0
Operating expenditure	16.8	14.7	14.7	17.7	17.7	36.7	44.2	53.0
Venues and facilities	104.2	129.1	163.6	115.3	115.3	49.2	59.9	73.4
Financial transactions in assets and liabilities	20.8	8.1	25.9	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>2 465.3</b>	<b>3 118.4</b>	<b>4 524.3</b>	<b>4 124.8</b>	<b>4 074.8</b>	<b>5 329.9</b>	<b>4 674.2</b>	<b>4 879.4</b>
Provinces and municipalities	0.6	58.4	0.0	–	–	–	–	–
Departmental agencies and accounts	947.9	1 406.0	1 503.0	1 259.1	1 259.1	1 407.3	1 103.3	1 191.7
Universities and technikons	–	6.0	–	10.5	10.5	–	–	–
Public corporations and private enterprises	1 498.3	1 612.6	2 984.2	2 815.2	2 765.2	3 881.0	3 527.3	3 636.2
Foreign governments and international organisations	13.7	20.1	30.6	28.8	28.8	37.6	39.3	47.1
Non-profit institutions	4.1	14.7	5.0	6.1	6.1	2.6	2.8	2.9
Households	0.7	0.6	1.6	5.1	5.1	1.4	1.5	1.6
<b>Payments for capital assets</b>	<b>5.8</b>	<b>27.3</b>	<b>24.1</b>	<b>32.3</b>	<b>32.3</b>	<b>34.5</b>	<b>30.8</b>	<b>31.3</b>
Buildings and other fixed structures	–	4.0	–	–	–	–	–	–
Machinery and equipment	5.8	15.8	20.5	26.1	26.1	33.9	30.1	30.6
Software and other intangible assets	–	7.5	3.6	6.2	6.2	0.7	0.7	0.7
<b>Total</b>	<b>3 056.4</b>	<b>3 804.7</b>	<b>5 295.4</b>	<b>5 126.9</b>	<b>5 076.9</b>	<b>6 344.2</b>	<b>5 753.0</b>	<b>6 003.8</b>

## Expenditure trends

Expenditure increased from R3.1 billion in 2005/06 to R5.1 billion in 2008/09 at an average annual rate of 18.8 per cent. Expenditure is expected to rise to R6.3 billion in 2009/10, then decline to R5.8 billion in 2010/11, before increasing again to R6 billion in 2011/12. The increase in expenditure in 2009/10 is mainly due to additional funding allocated as transfers and subsidies to various regulatory institutions for capacity building, the business process outsourcing programme, the automotive production and development programme, the Coega industrial development zone, and the critical infrastructure programme for capital infrastructure.

Expenditure in the *Empowerment and Enterprise Development* programme increased from R1 billion in 2005/06 to R1.5 billion in 2007/08, and declines to R1.2 billion in 2008/09. The peak in 2007/08 was due to

increased transfers and subsidies to the Small Enterprise Development Agency, the support programme for industrial innovation, the South African Micro Finance Apex Fund, the National Empowerment Fund, and Khula Enterprise Finance. With the exception of the Small Enterprise Development Agency, these entities are intended to be self funding over the medium term, so the allocation declines from R1.3 billion in 2009/10 to R1 billion in 2011/12.

*The Enterprise Organisation* is the largest programme in terms of budget. Expenditure increases from R1 billion in 2005/06 to R3 billion in 2011/12, an average annual increase of 20.1 per cent. This is due to higher spending on incentive schemes aimed at small and medium business enterprises, infrastructure development in the various industrial development zones (Coega, East London and Richards Bay). In particular, increased allocations for to address backlogs in settling claims from the small medium enterprise development programme and for the enterprise investment programme result in a peak in transfers and subsidies of R5.3 billion in 2009/10.

### Savings and reprioritisation

Savings of R1107.8 million, R132 million and R157.7 million have been identified over the medium term. The bulk of the amount is from Administration and The Enterprise Organisation programmes and have been effected in goods and services and transfer payments to departmental agencies and public entities.

The department reprioritised its budget over the MTEF period in line with the latest policy requirements and strategic objectives. Funding has also been redirected towards small enterprise development support.

### Infrastructure spending

Infrastructure spending relates primarily to the critical infrastructure programme and the industrial development zones. Private sector investments in infrastructure and contributions through the critical infrastructure programme have generated about R62 billion worth of investment in South Africa and contributed to the creation of more than 44 953 jobs (directly and indirectly) during infrastructure construction and operations. Government investment in infrastructure development in the industrial development zones has captured the interest of major investors, especially in Eastern Cape where the Coega and East London zones are located. These two zones are expected to raise over R22 billion in investments over the medium term. The positive spin-offs of infrastructure investment should boost Eastern Cape's economy and improve South Africa's competitiveness in manufacturing and exports, in line with the objectives of the Accelerated and Shared Growth Initiative for South Africa.

#### *Mega infrastructure projects and programmes (over R300 million)*

The Coega industrial development zone covers 11 500 hectares of industrial land located adjacent to the new deepwater port of Ngqura. The Coega Development Corporation is responsible for developing the entire landside infrastructure, with the National Ports Authority overseeing the development of the modern deepwater port facility. More than 50 infrastructure projects have been completed, and over R2.7 billion has been invested by both Eastern Cape province (R1.3 billion) and the Department of Trade and Industry (R1.4 billion). These investments are for facilities and infrastructure development, such as roads, bulk electricity power lines, water and sewers, new factory buildings, a residential village, a multi-tenant office building, and bulk earthworks. Through this initiative, the Coega Development Corporation created more than 16 000 jobs (direct and indirect).

#### *Large infrastructure projects and programmes (between R50 million and R300 million)*

Since its inception, the East London industrial development zone has managed to facilitate investment commitments from 17 manufacturers. The total infrastructure investment value is R920 million and 1 313 direct manufacturing jobs have been created. Since 2004/05, government has transferred approximately 90 per cent (R990 million) of the total funding allocation of R1.1 billion for infrastructure and facilities development.

The Richards Bay industrial development zone was designated in 2002, and operates on a provisional operator permit. Compared with the other industrial development zones, the Richards Bay zone requires minimal infrastructure as bulk infrastructure already exists. Two key investors have been secured. The estimated combined investment value is R2.3 billion.



Since its inception in 2002, the critical infrastructure programme has committed R1.9 billion in funding and paid R687 million, and has R1.2 billion in outstanding claims. Capital grants have been paid for 36 approved infrastructure projects across the provinces. Three projects are in Northern Cape, three in Gauteng, four in North West, nine in KwaZulu-Natal, three in Mpumalanga, nine in Eastern Cape (seven of which are in the Coega and East London industrial development zones), one in Free State, one in Western Cape, and three in Limpopo. These infrastructure projects are predominantly in the mining sector, comprising 41.4 per cent of the value of critical infrastructure programme grant funding, but grants have also been made for tourism infrastructure and the chemical and manufacturing sectors.

Over 44 953 jobs have been created during the construction phase of these projects. Projections show that approximately 19 000 permanent jobs will be created between 2008 and 2012 as part of the operational phase of the critical infrastructure supported investments. 6 490 permanent jobs have been created in the operational phase.

The approved projects have committed to spend over R3.8 billion on associated industries, such as smelting facilities, to produce value added products, thus creating positive spin-offs for the economy. The budget allocation for 2008/09 is R107 million, and is expected to increase to R120.8 million in 2009/10, R125.6 million in 2010/11 and R133.1 million in 2011/12.

## Departmental receipts

Revenue is mainly generated from fines and penalties imposed by the Competition Tribunal for contraventions of competitive practices, as well as dividends paid out once a year by the Industrial Development Corporation for the department's 100 per cent shareholding.

**Table 32.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>203 288</b>	<b>244 137</b>	<b>323 508</b>	<b>289 858</b>	<b>286 909</b>	<b>311 540</b>	<b>338 420</b>	<b>358 726</b>
Sales of goods and services produced by department	3 566	27 009	3 835	3 597	2 940	3 540	3 750	3 975
Sales of scrap, waste, arms and other used current goods	–	–	–	–	1	–	–	–
Transfers received	38 767	45	–	–	–	–	–	–
Fines, penalties and forfeits	47 543	107 483	154 291	110 000	142 357	125 000	140 000	148 400
Interest, dividends and rent on land	75 017	75 237	86 315	95 947	40 237	101 000	112 260	118 996
Sales of capital assets	–	55	204	64	65	–	–	–
Financial transactions in assets and liabilities	38 395	34 308	78 863	80 250	101 309	82 000	82 410	87 355
<b>Total</b>	<b>203 288</b>	<b>244 137</b>	<b>323 508</b>	<b>289 858</b>	<b>286 909</b>	<b>311 540</b>	<b>338 420</b>	<b>358 726</b>

## Programme 1: Administration

The *Office of the Director-General* subprogramme provides for a transfer payment to the Industrial Development Corporation's fund for research into industrial development, growth and equity. The fund is responsible for research on economic and industrial policy developments and tendencies and their possible impact on growth and equity. The amounts payable are determined according to the cost estimates and anticipated deliverables of each approved research project.



## Expenditure estimates

**Table 32.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	0.8	0.9	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.6	0.7	0.7	1.3	1.4	1.5	1.6
Deputy Minister <sup>1</sup>	0.6	0.7	0.7	1.3	1.4	1.5	1.6
Ministry	19.6	21.9	21.2	23.8	22.6	24.4	25.7
Office of the Director-General	28.3	28.1	33.0	43.5	68.0	69.9	77.4
Corporate Services	201.3	221.1	248.2	317.2	318.7	337.6	333.5
Government Motor Transport	1.3	–	–	–	–	–	–
Property Management	5.1	5.5	6.0	6.5	7.1	7.8	8.3
<b>Total</b>	<b>257.6</b>	<b>278.9</b>	<b>310.8</b>	<b>395.2</b>	<b>420.9</b>	<b>444.5</b>	<b>449.9</b>
Change to 2008 Budget estimate				(2.9)	(3.7)	(6.5)	(21.2)

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

### Economic classification

<b>Current payments</b>	<b>248.9</b>	<b>258.0</b>	<b>285.8</b>	<b>368.6</b>	<b>407.2</b>	<b>430.0</b>	<b>434.6</b>
Compensation of employees	56.9	62.0	69.4	100.1	120.0	127.1	133.4
Goods and services	192.0	196.0	216.4	268.5	287.2	302.9	301.2
of which:							
Administrative fees	0.9	0.7	1.4	–	2.5	2.6	2.8
Advertising	0.7	1.6	0.7	1.3	1.1	1.2	1.2
Assets less than R5 000	0.2	0.1	0.1	–	0.6	0.6	0.6
Audit costs: External	4.2	4.0	3.7	–	5.8	6.2	6.5
Bursaries (employees)	0.4	0.5	0.1	–	2.2	1.8	2.0
Catering: Departmental activities	0.2	0.3	0.4	–	0.9	1.0	1.0
Communication	10.4	8.4	11.2	9.8	7.7	8.2	8.6
Computer services	10.3	3.7	8.4	8.3	8.3	8.8	9.3
Consultants and professional services: Business and advisory services	33.1	25.5	5.7	35.5	35.2	37.4	39.3
Consultants and professional services: Infrastructure and planning	–	–	–	6.2	–	–	–
Consultants and professional services: Legal costs	0.2	2.6	4.1	–	–	–	–
Contractors	0.6	5.0	6.5	–	8.1	8.6	9.1
Agency and support / outsourced services	3.6	–	8.3	–	3.1	3.3	3.5
Inventory: Stationery and printing	3.7	3.0	3.2	4.1	4.0	4.2	4.4
Lease payments	8.0	8.8	–	151.9	156.8	166.6	156.0
Owned and leasehold property expenditure	0.1	1.0	6.8	6.5	6.8	7.2	7.6
Travel and subsistence	14.7	14.5	16.3	19.3	20.5	21.7	22.9
Training and development	0.8	0.6	1.5	–	8.8	7.6	9.0
Operating expenditure	2.6	2.8	3.4	–	11.2	11.9	13.5
Venues and facilities	97.1	112.6	134.5	25.6	3.4	3.6	3.6
Financial transactions in assets and liabilities	–	0.0	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>5.3</b>	<b>5.2</b>	<b>6.2</b>	<b>2.1</b>	<b>2.0</b>	<b>2.1</b>	<b>2.3</b>
Provinces and municipalities	0.2	0.0	0.0	–	–	–	–
Departmental agencies and accounts	0.0	–	–	–	–	–	–
Public corporations and private enterprises	5.0	5.0	5.3	0.6	0.6	0.6	0.7
Households	0.1	0.2	0.9	1.5	1.4	1.5	1.6
<b>Payments for capital assets</b>	<b>3.3</b>	<b>15.8</b>	<b>18.9</b>	<b>24.6</b>	<b>11.7</b>	<b>12.4</b>	<b>13.0</b>
Buildings and other fixed structures	–	4.0	–	–	–	–	–
Machinery and equipment	3.3	4.2	15.3	18.4	11.2	11.9	12.5
Software and other intangible assets	–	7.5	3.6	6.2	0.5	0.5	0.6
<b>Total</b>	<b>257.6</b>	<b>278.9</b>	<b>310.8</b>	<b>395.2</b>	<b>420.9</b>	<b>444.5</b>	<b>449.9</b>

Table 32.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	5.0	5.0	5.3	0.6	0.6	0.6	0.7
Industrial Development Corporation: Fund for Research into Industrial Development, Growth and Equity	5.0	5.0	5.3	0.6	0.6	0.6	0.7

## Expenditure trends

Expenditure increased steadily between 2005/06 and 2008/09, rising from R257.6 million to R395.2 million at an average annual rate of 15.3 per cent. Over the medium term, expenditure is set to increase to R449.9 million in 2011/12, an average annual rate of 4.4 per cent. The largest allocation goes to the *Corporate Services* subprogramme, which increases from R201.3 million in 2005/06 to R333.5 million in 2011/12, an average annual increase of 8.8 per cent over the seven-year period, accounting for an average of 77.3 per cent of expenditure in the *Administration* programme.

Growth relates to operational costs associated with the public private partnership accommodation project, through which head office accommodation and facilities management services are being provided to the department and its public entities. This results in a new allocation for lease payments under current payments from 2008/09. Expenditure growth is due to accommodation costs for public entities located at the department's premise. These costs were previously recovered by the department from the entities.

Spending in the *Office of the Director-General* subprogramme increases at an average annual rate of 18.3 per cent between 2005/06 and 2011/12, rising from R28.3 million to R77.4 million. This is due to the expansion of the strategic planning unit and the increase in the office's general capacity. The larger budget is also a result of anticipated increased expenditure on industrial policy research.

## Programme 2: International Trade and Economic Development

- *International Trade Development* facilitates bilateral and multilateral trade relations and agreements. Provision is made under this subprogramme for the following transfers and subsidies:
  - International Trade Administration Commission to create an enabling environment for fair trade for South Africa through custom tariff investigations, trade remedies and import and export control. The amounts payable are based on the approved business plan of the entity and supporting memorandums of understanding.
  - Organisation for the Prohibition of Chemical Weapon as the South African contribution to the convention against the use of chemical weapons. The amounts payable are based on the annual fees determined by this organisation.
  - ProTechnik Laboratories as the South African contribution to international non-proliferation treaties and regimes. The amounts payable are based on the annual fees determined by this organisation.
  - World Trade Organisation as the South African membership fee to this global organisation dealing with rules of trade between countries. The amounts payable are based on the annual fees determined by this organisation.
- *African Economic Development* facilitates bilateral and multilateral African trade relations aimed at deepening regional integration. Provision is made under this subprogramme for a transfer payment to the Development Bank of Southern Africa for regional spatial development initiatives aimed at accelerating sustainable socioeconomic development in the region. Funding is disbursed on the basis of approved business and project plans.

- *International Trade Administration* oversees South Africa's system for international trade administration and its compliance with international non-proliferation treaties. Funding is disbursed on the basis of annual business plans approved for the International Trade Administration Commission, and is used mainly for salaries and membership fees for international organisations.

### Objectives and measures

- Expand market access for South Africa's exports and strengthen trade and investment links by continuing to participate in government-to-government platforms, and concluding three memorandums of understanding per year over the MTEF period.
- Foster regional integration and economic development in Africa by facilitating:
  - investments and increased intra-Africa trade through bilateral and multilateral meetings with trade partners
  - the consolidation of the Southern Africa Customs Union by providing technical assistance to the secretariat and leading negotiations on free trade terms, the SADC and the African Union (AU) by providing technical assistance to the AU secretariat
  - institutional capacity building within the NEPAD framework by providing representatives to the secretariat.
- Promote South Africa's interests in the multilateral trade system through ongoing engagement in the negotiating process and associated projects (such as research on international trade) based on ongoing national consultations with relevant government departments and stakeholders.
- Encourage economic growth and development by managing South Africa's tariff regime in collaboration with the International Trade Administration Commission, which entails managing customs tariffs, import and export control permits, and duty credit certificates.
- Ensure compliance with international non-proliferation treaties by monitoring production and trade in relevant industries.

### Service delivery and spending focus

At the multilateral level, South Africa continues to play a leading role. The department participated in the Doha Round negotiations coordinated by the World Trade Organisation, and the twelfth ministerial meeting of the United Nations (UN) Conference on Trade and Development. The department engaged in regional trade consultations, such as the India-Africa Summit, the Forum on China-Africa Cooperation, and the India-Brazil-South Africa Dialogue Forum. India and Brazil have been identified as important new growth markets. The department signed 12 bilateral and regional trade investment agreements and undertook 15 technical and business missions to negotiate the terms of bilateral and multilateral trade agreements.

The department continues to participate in institutional processes aimed at deepening regional integration in SADC and the Southern Africa Customs Union. SADC launched a free trade agreement in August 2008 that will reduce the barriers to trade between countries in the region. The department is a central player in building new regional institutions as provided for in the Southern Africa Customs Union agreement, and continues to review the union's functions and effectiveness. In June 2008, the Southern Africa Customs Union signed a trade investment and development cooperation agreement with the United States of America and subsequently undertook a review of the Africa Growth and Opportunity Act (2004), as part of a broader market access strategy to expand exports to the US. Following the conclusion of the Southern Africa Customs Union-Mercosur preferential trade agreement in May 2008, the Southern Africa Customs Union-India preferential trade agreement negotiations were launched in September 2007. Three rounds of negotiations have been completed.

The department provides technical support to the NEPAD secretariat in implementing spatial development initiatives across Africa, and continues to participate in AU efforts to rationalise integration processes and develop a continental model for business law. The department also provides institutional and technical support to key countries in Africa, including Nigeria, Ghana, Zimbabwe, Egypt, Mali, Senegal, Uganda, Ethiopia and Zambia, and technical economic support for South Africa's post-conflict reconstruction and development

programmes in the Democratic Republic of Congo, Sudan, Angola and Rwanda. In 2007, the department published South Africa in Africa – A Business Guide to provide potential investors and traders with information about the South African market and business environment.

## Expenditure estimates

**Table 32.5 International Trade and Economic Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
International Trade Development	29.4	42.3	43.0	112.4	130.1	135.5	137.7
African Economic Development	31.1	32.3	34.8	39.0	43.4	47.8	44.7
International Trade Administration	46.5	49.2	55.7	–	–	–	–
<b>Total</b>	<b>106.9</b>	<b>123.9</b>	<b>133.5</b>	<b>151.3</b>	<b>173.5</b>	<b>183.3</b>	<b>182.4</b>
Change to 2008 Budget estimate				2.6	17.4	18.3	(2.6)

  

Economic classification							
<b>Current payments</b>	<b>36.1</b>	<b>45.3</b>	<b>51.0</b>	<b>68.1</b>	<b>83.0</b>	<b>87.5</b>	<b>80.7</b>
Compensation of employees	22.0	28.3	32.1	41.4	53.4	56.0	56.1
Goods and services	14.1	17.0	18.9	26.6	29.6	31.5	24.6
<i>of which:</i>							
Administrative fees	0.0	0.1	0.2	–	–	–	–
Advertising	0.3	0.3	0.2	0.5	1.2	1.8	1.9
Catering: Departmental activities	0.1	0.1	0.2	–	1.0	2.5	0.7
Communication	0.7	0.7	0.9	0.9	1.3	1.4	1.5
Consultants and professional services: Business and advisory services	0.2	0.7	0.4	1.7	2.0	2.2	2.3
Inventory: Stationery and printing	0.5	0.5	0.4	0.4	0.5	0.5	0.5
Owned and leasehold property expenditure	10.5	–	–	–	–	–	–
Travel and subsistence	–	13.3	14.7	17.6	11.5	11.8	12.3
Operating expenditure	0.4	0.2	0.4	–	0.9	0.1	0.2
Venues and facilities	1.3	1.0	1.5	5.4	10.9	10.9	4.9
<b>Transfers and subsidies</b>	<b>70.5</b>	<b>78.1</b>	<b>81.9</b>	<b>83.0</b>	<b>90.1</b>	<b>95.3</b>	<b>101.0</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	50.6	53.4	57.6	60.5	63.0	66.6	70.6
Public corporations and private enterprises	18.4	13.8	14.5	15.2	15.9	16.8	17.8
Foreign governments and international organisations	1.3	10.8	9.7	7.3	11.2	11.9	12.6
Households	0.1	0.0	0.0	0.0	–	–	–
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.4</b>	<b>0.6</b>	<b>0.3</b>	<b>0.5</b>	<b>0.5</b>	<b>0.7</b>
Machinery and equipment	0.3	0.4	0.6	0.3	0.4	0.5	0.6
Software and other intangible assets	–	–	–	0.0	0.0	0.0	0.0
<b>Total</b>	<b>106.9</b>	<b>123.9</b>	<b>133.5</b>	<b>151.3</b>	<b>173.5</b>	<b>183.3</b>	<b>182.4</b>

Table 32.5 International Trade and Economic Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>47.8</b>	<b>50.8</b>	<b>57.2</b>	<b>60.2</b>	<b>63.0</b>	<b>66.6</b>	<b>70.6</b>
International Trade Administration Commission	46.5	49.2	55.7	58.4	60.9	64.3	68.2
ProTechnik Laboratories	1.4	1.5	1.5	1.8	2.1	2.3	2.4
<b>Capital</b>	<b>2.8</b>	<b>2.7</b>	<b>0.4</b>	<b>0.3</b>	–	–	–
ProTechnik Laboratories	2.8	2.7	0.4	0.3	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>18.4</b>	<b>13.8</b>	<b>14.5</b>	<b>15.2</b>	<b>15.9</b>	<b>16.8</b>	<b>17.8</b>
Development Bank of Southern Africa: Regional spatial development initiatives	18.4	13.8	14.5	15.2	15.9	16.8	17.8
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>1.3</b>	<b>10.8</b>	<b>9.7</b>	<b>7.3</b>	<b>11.2</b>	<b>11.9</b>	<b>12.6</b>
Organisation for the Prohibition of Chemical Weapons	1.3	1.6	2.2	2.3	6.0	6.4	6.8
World Trade Organisation	–	9.2	7.5	5.0	5.2	5.5	5.8

## Expenditure trends

Expenditure increased consistently between 2005/06 and 2008/09, rising from R106.9 million to R151.3 million at an average annual rate of 12.3 per cent. Expenditure is expected to rise to R182.4 million in 2011/12 at an average annual rate of 6.4 per cent over the medium term.

Expenditure in the *International Trade Development* subprogramme increased significantly between 2007/08 and 2008/09, rising from R43 million to R112.4 million. This was due to the consolidation of the two subprogrammes dealing with international trade in 2008/09, and does not reflect an increase in activities or expenditure.

Expenditure in transfer payments over the medium term increases from R83 million in 2008/09 to R101 million in 2011/12 at an average annual rate of 6.8 per cent. This is partly due to the increase in the transfer to the Development Bank of Southern Africa to fund regional spatial development initiatives, which aim to create conditions and opportunities for successful new fixed investment within specific areas of the region. The department is also strengthening its human resources capacity to deliver on its mandate and expanded work programme. Transfers to international organisations make up an increasingly important component of this expenditure, rising from R7.3 million in 2008/09 to R12.6 million in 2011/12.

## Programme 3: Empowerment and Enterprise Development

- *Enterprise Development* creates an enabling environment conducive to the development and growth of SMMEs and cooperatives enterprises, and provides innovation and technology support to these entities. All efforts are aimed at increasing the contribution of SMMEs and cooperatives to South Africa's GDP, and improving the lives of all South Africans. Under this subprogramme, provision is made for the following transfer payments and subsidies:
  - Khula Enterprise Finance provides wholesale finance to promote and facilitate access to finance for small and medium enterprises. The amounts payable are based on the approved business plan of the entity, and supporting memorandums of understanding.

- South African Micro Finance Apex Fund provides sustainable access to affordable financial services for the poor. The amounts payable are based on the approved business plan of the entity, and supporting memorandums of understanding.
- Small Enterprise Development Agency provides non-financial business development and support services for small enterprises. The amounts payable are based on the approved business plan of the entity, and supporting memorandums of understanding.
- United Nations Industrial Development Organisation channels the South African contribution towards achieving sustainable global industrial development. The amounts payable are based on the fees determined by member states, including South Africa.
- Small Enterprise Development Agency's technology programme is managed by the agency, and finances and supports early, seed and start-up technology ventures aimed at increasing the competitiveness of South Africa. The amounts payable are based on qualifying projects.
- National Research Foundation's technology and human resources for industry programme supports research and technology development by strengthening the numbers and skills of appropriately trained people. The amounts payable are based on the approved business plans and qualifying projects.
- Productivity Institute of South Africa's workplace challenge programme finances and supports world class manufacturing and value chain efficiency improvements in South African companies. The amounts payable are based on qualifying projects.
- Industrial Development Corporation's support programme for industrial innovation enables private sector enterprises to develop new products and services. The amounts payable are based on matching grants to contributions by such enterprises.
- *Equity and Empowerment* implements BEE and gender policies. Provision is made under this subprogramme for the following transfers and subsidies:
  - National Empowerment Fund facilitates funding for BEE transactions by providing innovative investment solutions to black people. The amounts payable are based on the approved business plans of the entity, and supporting memorandums of understanding.
  - South African Women Entrepreneurs' Network, housed at Khula Enterprise Finance, supports and grows women entrepreneurship through networking facilities. The amounts payable are based on the approved business plans.
  - Industrial Development Corporation's Isivande Women's Fund provides financial support to women entrepreneurs to grow their businesses. The amounts payable are based on the approved projects.
- *Regional Economic Development* enhances the competitiveness of local and provincial economies for sustained economic growth. Funding will mainly be for salaries and related personnel expenditure.

## Objectives and measures

- Foster the growth of SMMEs and cooperatives by creating an enabling environment and overseeing the support provided by agencies such as Khula, the Small Enterprise Development Agency and the South African Micro-finance Apex Fund to increase the number of SMMEs (currently 2 million) and cooperatives, (17 000 registered, but many more informal, including an estimated 800 000 stokvels) and their contribution to GDP from 40 per cent to 45 per cent over the next 5 years.
- Facilitate access to government procurement opportunities by SMMEs and cooperatives through overseeing the implementation of the 10 approved products over the MTEF period, thereby increasing the number of SMMEs and cooperatives from which government procures, subject to a minimum of 85 per cent of their procurement expenditure benefiting SMMEs and cooperatives through the 10 products.
- Facilitate the increased participation of black people in business and business transactions through promoting empowerment and equity policies by facilitating and gazetting BEE charters under sections 9 and 12 of the Broad-Based Black Economic Empowerment Act (2003).
- Expand support for hi-tech industries operating in the region by providing access to incentives and coordinating regional stakeholder participation by forming partnerships aimed at creating at least 4 000 jobs by 2012.



## Service delivery and spending focus

The Cooperatives Act (2005) came into effect in 2007/08. Regulations were approved for the full establishment and implementation of new registration systems for cooperatives at the Companies and Intellectual Property Registration Office, resulting in the legalisation of the registration of cooperatives in South Africa.

August 2008 marked the end of the transitional period during which the economy could convert from narrow based to broad based BEE and establish institutional systems for BEE. This also applied to the unconditional application of the codes of good practice. In 2008/09, a BEE verification manual was completed, a BEE IT portal was launched, and BEE sector charters for tourism, construction, forestry, and transport were gazetted. The department provided technical support for the drafting and negotiation of 7 BEE sector charters.

The Isivande Women's Fund was launched in 2008 to promote women's access to finance. Isivande will be capitalised with R100 million by both the department and Masisizane (Old Mutual). This fund will provide women with accessible and affordable loans of between R30 000 and R2 million for growing their enterprises.

The support programme for industrial innovation recorded total sales of R309 million, of which R150 million were export sales of new products. 1 220 shop floor jobs were created. The technology and human resources for industry programme leveraged R163 million from the private sector for new technology development, and supported 264 SMMs in 2008/09. The Small Enterprise Development Agency technology programme created 126 new SMMs and supported 34 technology transfers to SMMs to the value of R12 million.

## Expenditure estimates

**Table 32.6 Empowerment and Enterprise Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Enterprise Development	578.6	733.5	732.6	827.9	526.0	349.0	389.9
Equity and Empowerment	425.5	586.5	739.5	349.6	475.1	278.0	294.7
Regional Economic Development	–	–	–	–	306.8	352.7	365.6
<b>Total</b>	<b>1 004.1</b>	<b>1 320.0</b>	<b>1 472.1</b>	<b>1 177.5</b>	<b>1 307.9</b>	<b>979.7</b>	<b>1 050.1</b>
Change to 2008 Budget estimate				(60.9)	16.3	42.6	88.5
<b>Economic classification</b>							
<b>Current payments</b>	<b>15.9</b>	<b>26.1</b>	<b>31.0</b>	<b>35.6</b>	<b>82.1</b>	<b>82.1</b>	<b>94.5</b>
Compensation of employees	7.7	11.0	13.2	20.9	36.8	38.1	39.8
Goods and services	8.2	15.1	17.8	14.7	45.3	44.1	54.7
of which:							
Administrative fees	0.0	0.1	0.0	–	1.0	–	–
Advertising	0.2	0.2	0.4	0.5	2.7	2.5	2.6
Communication	0.2	0.3	0.2	0.6	0.5	0.6	0.6
Consultants and professional services: Business and advisory services	3.0	4.7	6.4	4.2	13.3	20.8	14.0
Contractors	–	0.9	0.3	–	0.4	–	–
Inventory: Stationery and printing	0.5	0.4	0.3	0.6	1.4	2.5	2.6
Lease payments	0.1	0.1	0.0	–	0.1	0.2	0.3
Travel and subsistence	2.5	5.0	5.7	4.0	10.8	8.0	9.7
Operating expenditure	0.5	1.0	0.6	–	7.8	5.9	12.7
Venues and facilities	0.9	2.3	3.4	4.9	7.3	3.5	12.2



Table 32.6 Empowerment and Enterprise Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>988.1</b>	<b>1 293.7</b>	<b>1 440.8</b>	<b>1 141.8</b>	<b>1 225.3</b>	<b>897.1</b>	<b>955.1</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	789.3	1 222.3	1 289.9	1 006.4	1 083.8	747.8	796.8
Public corporations and private enterprises	192.3	63.8	141.0	120.1	125.6	133.0	135.7
Foreign governments and international organisations	2.4	2.9	4.9	9.2	13.3	13.6	19.8
Non-profit institutions	4.1	4.7	5.0	6.1	2.6	2.8	2.9
Households	0.0	0.0	0.1	–	–	–	–
<b>Payments for capital assets</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.1</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>
Machinery and equipment	0.1	0.2	0.3	0.1	0.4	0.5	0.5
<b>Total</b>	<b>1 004.1</b>	<b>1 320.0</b>	<b>1 472.1</b>	<b>1 177.5</b>	<b>1 307.9</b>	<b>979.7</b>	<b>1 050.1</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>275.6</b>	<b>578.1</b>	<b>524.5</b>	<b>531.5</b>	<b>608.4</b>	<b>574.3</b>	<b>617.9</b>
Godisa Trust	40.6	–	–	–	–	–	–
National Empowerment Fund	40.0	66.0	100.0	–	116.0	22.7	24.1
National Productivity Institute: Workplace Challenge	7.4	7.9	8.3	8.7	8.0	8.5	8.1
Small Enterprise Development Agency	187.6	311.4	258.8	408.0	331.2	376.7	384.7
Small Enterprise Development Agency technology programme	–	62.7	73.4	76.7	68.3	76.3	110.5
South African Micro Finance Apex Fund	–	130.0	84.0	38.1	84.8	90.1	90.5
<b>Capital</b>	<b>513.7</b>	<b>644.2</b>	<b>765.4</b>	<b>474.9</b>	<b>475.5</b>	<b>173.4</b>	<b>178.9</b>
National Empowerment Fund	370.6	495.1	610.0	312.9	311.6	–	–
National Research Foundation: Technology and human resources for industry programme	143.1	149.1	155.5	162.0	163.8	173.4	178.9
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>9.5</b>	<b>18.3</b>	<b>10.6</b>	<b>11.1</b>	<b>–</b>	<b>–</b>	<b>–</b>
South African Bureau of Standards: Trade metrology	9.5	18.3	10.6	11.1	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>101.7</b>	<b>40.5</b>	<b>83.5</b>	<b>88.9</b>	<b>75.9</b>	<b>80.2</b>	<b>85.0</b>
Council for Scientific and Industrial Research: Technology for women in business	1.9	6.4	–	–	–	–	–
Khula Enterprise Finance	99.9	34.1	73.5	69.9	66.0	69.7	73.9
Industrial Development Corporation: Isivande Women's Fund	–	–	10.0	19.0	9.9	10.5	11.1
<b>Capital</b>	<b>81.0</b>	<b>5.0</b>	<b>46.9</b>	<b>–</b>	<b>49.7</b>	<b>52.8</b>	<b>50.6</b>
Industrial Development Corporation: Support programme for industrial innovation	81.0	5.0	46.9	–	49.7	52.8	50.6
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Capital</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>20.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
Centurion Aerospace Village	–	–	–	20.0	–	–	–
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>2.4</b>	<b>2.9</b>	<b>4.9</b>	<b>9.2</b>	<b>13.3</b>	<b>13.6</b>	<b>19.8</b>
United Nations Industrial Development Organisation	2.4	2.9	4.9	9.2	13.3	13.6	19.8
<b>Non-profit institutions</b>							
<b>Current</b>	<b>4.1</b>	<b>4.7</b>	<b>5.0</b>	<b>6.1</b>	<b>2.6</b>	<b>2.8</b>	<b>2.9</b>
South African Women Entrepreneurs' Network	4.1	4.7	5.0	6.1	2.6	2.8	2.9

## Expenditure trends

This programme, which previously formed part of the *Enterprise and Industry Development* programme, will become effective from April 2009. Between 2005/06 and 2008/09, expenditure increased rapidly at an average annual rate of 21.1 per cent, rising from R1 billion in 2005/06 to R1.5 billion in 2007/08. This was driven by transfers to departmental agencies, such as the National Empowerment Fund and the Small Enterprise Development Agency, for recapitalisation. In 2008/09, expenditure declined to R1.2 billion as these transfers were reduced, and is expected to decline again in 2010/11 to under R1 billion for the same reason. These decreases relate mainly to expenditure decreases in the *Equity and Empowerment* subprogramme over the medium term. This largely reflects the phasing out of capital allocations to the National Empowerment Fund, which decrease from R610 million in 2007/08 to R311.6 million in 2009/10, and then cease.

## Public entities

### National Empowerment Fund

#### Strategic overview: 2005/06 - 2011/12

The National Empowerment Fund is a catalyst for BEE and is the development funding institution mandated by government to champion economic transformation in South Africa by providing innovative finance and investment solutions to black people. The fund's role is to support and invest in BEE as defined by the codes of good practice. This will include a focus on preferential procurement, broadening the reach of black equity ownership, transformation in management and staff, and preventing the dilution of black shareholding. The work of the National Empowerment Fund straddles and complements other development finance institutions, and the fund is able to enhance other development finance institutions and their mandates by sharing its specialist sector expertise and knowledge of BEE.

#### Selected performance and operations indicators

**Table 32.7 National Empowerment Fund**

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of transactions of between R5m and R100m each year	Corporate Fund	201	170	72	300	375	450	350
Number of transactions from R250 000 to R10m each year	Imbewu Fund	50	49	73	160m	200	240	150
Value of funding of community development projects each year	Rural and Community Development/Project Unit	R1.5m	–	R57.5m	R65m	R110m	R175m	R100m
Value of funding of sourced strategic projects each year	Strategic Projects Fund	–	–	–	R40m	R190m	–	R150m
Value of loans disbursed	Corporate Fund/Imbewu Fund/Rural and Community Development/Project Unit/Strategic Projects Fund	R182m	R152m	R380m	R500m	R600m	R600m	R400m
Total value of loan book	Corporate Fund/Imbewu Fund/Rural and Community Development/Project Unit/Strategic Projects Fund	–	–	R714m	R1.2bn	R1.8bn	2.4bn	R2.8bn
Total value of approved loans	Corporate Fund/Imbewu Fund/Rural and Community Development/Project Unit/Strategic Projects Fund	–	–	–	R1.3bn	R1.9bn	R2.5bn	R2.9bn
Number of loans, quasi-equity and equity finance deals granted to BEE businesses	Corporate Fund/Imbewu Fund/Rural and Community Development/Project Unit/Strategic Projects Fund	52	23	31	63	88	104	90

#### Service delivery and spending focus

In 2007, the National Empowerment Fund launched a retail product known as the National Empowerment Fund Asonge Share Scheme. The results have exceeded expectations, with over 86 000 investors buying more than 12 million shares worth in excess of a cumulative R1.5 billion at year end. The board of trustees has approved the allocation of a further 1.4 million shares, worth R147 million, to provide for the oversubscription and ensure a full allocation of shares to qualifying applicants.

By March 2008, the National Empowerment Fund had approved 124 transactions at an investment cost of R932 million, of which 117 transactions totalling R699 million were disbursed. 74 per cent is invested in deals below R5 million, and 26 per cent in deals above R5 million.

As a direct result of funding from the National Empowerment Fund, 4 693 jobs have been created, while more than 15 300 indirect jobs have been sustained. 31 per cent of the fund's investment portfolio comprises businesses owned and managed by black women entrepreneurs. By value, construction continues to take the lead as the highest funded sector at 23.5 per cent, followed by ICT and media at 12.9 per cent, as illustrated in the trustees' report.

## Expenditure estimates

**Table 32.8 National Empowerment Fund: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>65.4</b>	<b>133.1</b>	<b>1 019.1</b>	<b>370.0</b>	<b>471.9</b>	<b>554.4</b>	<b>654.4</b>
<i>Other non-tax revenue</i>	65.4	133.1	1 019.1	370.0	471.9	554.4	654.4
<b>Transfers received</b>	40.0	66.0	100.0	–	116.0	22.7	24.1
<b>Total revenue</b>	<b>105.4</b>	<b>199.2</b>	<b>1 119.1</b>	<b>370.0</b>	<b>587.9</b>	<b>577.1</b>	<b>678.4</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>61.9</b>	<b>88.9</b>	<b>167.3</b>	<b>255.3</b>	<b>321.4</b>	<b>339.1</b>	<b>343.2</b>
Compensation of employees	25.1	37.1	48.1	69.4	84.4	97.5	112.7
Goods and services	35.9	50.8	116.9	183.6	233.6	238.5	227.3
Depreciation	0.8	1.0	2.3	2.3	3.4	3.1	3.1
Interest, dividends and rent on land	0.0	–	–	–	–	–	–
<b>Total expenses</b>	<b>61.9</b>	<b>88.9</b>	<b>167.3</b>	<b>255.3</b>	<b>321.4</b>	<b>339.1</b>	<b>343.2</b>
<b>Surplus / (Deficit)</b>	<b>43.5</b>	<b>110.3</b>	<b>951.8</b>	<b>114.7</b>	<b>266.5</b>	<b>238.0</b>	<b>335.3</b>
<b>Statement of financial position</b>							
Carrying value of assets	3.0	2.4	7.7	10.4	10.6	8.4	6.0
<i>of which: Acquisition of assets</i>	2.0	0.5	7.6	4.9	3.6	1.0	0.7
Investments	1 526.2	2 407.4	1 957.9	2 336.4	3 036.4	3 736.4	4 336.4
Loans	153.0	338.7	–	–	–	–	–
Receivables and prepayments	19.1	24.3	16.9	15.0	15.0	15.0	15.0
Cash and cash equivalents	400.1	793.0	2 317.8	2 490.0	2 546.3	1 804.6	1 381.3
<b>Total assets</b>	<b>2 101.5</b>	<b>3 565.8</b>	<b>4 300.3</b>	<b>4 851.8</b>	<b>5 608.3</b>	<b>5 564.4</b>	<b>5 738.6</b>
Accumulated surplus/deficit	76.7	187.2	1 137.1	1 381.5	1 823.3	1 779.4	1 953.7
Capital and reserves	2 010.6	3 363.8	3 133.3	3 445.3	3 759.9	3 759.9	3 759.9
Borrowings	3.0	–	0.8	–	–	–	–
Trade and other payables	11.2	14.7	24.3	25.0	25.0	25.0	25.0
Provisions	–	–	4.8	–	–	–	–
<b>Total equity and liabilities</b>	<b>2 101.5</b>	<b>3 565.8</b>	<b>4 300.3</b>	<b>4 851.8</b>	<b>5 608.3</b>	<b>5 564.4</b>	<b>5 738.6</b>

## Expenditure trends

The net asset value of the National Empowerment Fund has increased from R2.1 billion in 2005/06 to R4.3 billion in 2007/08. This has largely been due to appreciation in fair value of the asset management portfolio, as well as the capitalisation of the fund by the department. Expenditure also increased from R61.9 million in 2005/06 to R167.3 million in 2007/08, and is expected to rise to R343.2 million by 2011/12. The expenditure trend is monitored as a ratio of net asset value and is currently standing at 1.9 per cent of net asset value, well below that of other comparable development finance institutions and funds. The transfer payments received from the department for recapitalisation have allowed the National Empowerment Fund to increase its investments and loans for empowerment outcomes. These now exceed R1 billion.

## Small Enterprise Development Agency

### Strategic overview: 2005/06-2011/12

The Small Enterprise Development Agency was established at the end of 2004 through the merger of the Ntsika Enterprise Promotion Agency, the National Manufacturing Advisory Centre, and the Community Public Private Partnership Programme. The Godisa Trust and the National Technology Transfer Centre were integrated into the agency in April 2006, to become the Small Enterprise Development Agency's technology programme.

Through its national network, the Small Enterprise Development Agency provides non-financial business development and support services for small enterprises in partnership with other role players. The agency also implements business development programmes in government priority areas and for government target groups.

### Selected performance and operations indicators

**Table 32.9 Small Enterprise Development Agency**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of clients accessing agency services each year	32 796	140 779	186 195	200 000	200 000	210 000	220 500
Total number of branches established and operational	27	39	43	42	42	42	42
Number of existing and prospective entrepreneurs trained each year	893	1 539	22 893	15 000	20 000	25 000	30 000
Number of unique website visits each year	312 873	349 406	514 594	300 000	325 000	350 000	375 000
Number of clients assisted in business plan development each year	–	–	3 661	1 600	8 800	9 680	10 650
Number of clients trained in starting a business each year	25	–	8 271	7 059	18 700	20 570	22 630
Number of new business registrations	–	–	10 635	5 000	8 800	9 680	10 650
Number of clients assisted with access to local markets each year	–	–	4 642	800	7 380	8 120	8 930
Number of clients assisted with access to export markets each year	92	–	–	400	1 100	1 210	1 330
Number of clients assisted with technology interventions each year	–	–	–	–	4 400	4 840	5 320
Number of clients assisted with access to finance each year	–	–	1 761	800	2 952	3 250	3 575

### Service delivery and spending focus

Between 2005/06 and 2007/08, the Small Enterprise Development Agency's infrastructure grew from 6 provincial offices and 27 district branches to 8 provincial offices, 43 district branches and 2 mobile units, and the staff complement grew from 351 to 530. The agency also introduced a complementary service delivery model to increase its reach. This involved setting up offices or desks at 37 local government locations on specific days, and in other organisations such as ABSA (nationally), the South African Women Entrepreneurs Network (Eastern Cape) and the Department of Economic Development (KwaZulu-Natal).

As a result of the expansion, the number of enterprises serviced increased from 32 796 in 2005/06 to 186 195 in 2007/08. In 2007/08, the technology programme supported 642 clients, creating 6 289 jobs. In partnership with 85 schools and 1 tertiary institution, the University of the Western Cape, the entrepreneurship awareness programme has reached 5 800 students. In April 2008, the agency launched its trade point programme, which will expose South African small enterprises to international markets and opportunities. This is a partnership with local business associations and the World Trade Point Federation, a programme of the UN Conference on Trade and Development.

## Expenditure estimates

Table 32.10 Small Enterprise Development Agency: Financial information

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>6.0</b>	<b>26.0</b>	<b>11.9</b>	<b>14.7</b>	<b>4.1</b>	<b>28.8</b>	<b>41.1</b>
<i>Other non-tax revenue</i>	6.0	26.0	11.9	14.7	4.1	28.8	41.1
<b>Transfers received</b>	<b>194.4</b>	<b>416.0</b>	<b>378.0</b>	<b>523.2</b>	<b>439.5</b>	<b>493.0</b>	<b>550.2</b>
<b>Total revenue</b>	<b>200.4</b>	<b>442.0</b>	<b>389.8</b>	<b>537.9</b>	<b>443.6</b>	<b>521.8</b>	<b>591.3</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>171.9</b>	<b>405.1</b>	<b>453.2</b>	<b>522.6</b>	<b>443.6</b>	<b>521.8</b>	<b>591.3</b>
Compensation of employees	51.7	123.6	148.5	187.0	210.9	232.7	268.2
Goods and services	117.8	272.8	292.6	325.0	216.8	268.9	306.4
Depreciation	2.0	6.2	9.5	10.5	15.7	20.0	16.4
Interest, dividends and rent on land	0.5	2.4	2.7	0.2	0.2	0.2	0.2
<b>Total expenses</b>	<b>171.9</b>	<b>405.1</b>	<b>453.2</b>	<b>522.6</b>	<b>443.6</b>	<b>521.8</b>	<b>591.3</b>
<b>Surplus / (Deficit)</b>	<b>28.5</b>	<b>36.9</b>	<b>(63.4)</b>	<b>15.2</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Statement of financial position</b>							
Carrying value of assets	11.6	30.0	29.9	38.4	48.2	43.2	41.7
<i>of which: Acquisition of assets</i>	1.8	25.9	9.9	19.5	25.6	15.1	15.1
Inventory	0.5	0.4	0.4	0.4	0.5	0.5	0.6
Receivables and prepayments	3.8	17.8	45.9	40.9	36.4	32.4	28.8
Cash and cash equivalents	79.0	160.6	82.7	73.6	65.5	58.3	51.9
<b>Total assets</b>	<b>94.8</b>	<b>208.8</b>	<b>158.9</b>	<b>153.2</b>	<b>150.5</b>	<b>134.3</b>	<b>122.9</b>
Accumulated surplus/deficit	41.9	94.3	30.9	38.4	48.2	43.2	41.7
Borrowings	9.9	11.8	12.0	11.3	9.4	7.5	5.6
Trade and other payables	41.0	88.1	115.6	102.9	91.6	81.5	72.5
Provisions	2.0	14.6	0.4	0.7	1.3	2.2	3.1
<b>Total equity and liabilities</b>	<b>94.8</b>	<b>208.8</b>	<b>158.9</b>	<b>153.2</b>	<b>150.5</b>	<b>134.3</b>	<b>122.9</b>

## Expenditure trends

Revenue is dominated by transfers received from the Department of Trade and Industry, local government, and local and international donors. Transfers increase from R194.4 million in 2005/06 to R523.2 million in 2008/09, of which the department transferred R187.6 million in 2005/06 and R484.7 million in 2008/09 to the Small Enterprise Development Agency and its technology programme. Departmental transfers to the agency and the technology programme are expected to stabilise over the MTEF period, reaching R495.2 million by 2011/12.

Total expenditure increases from R522.6 million in 2008/09 to R591.3 million in 2011/12. Expenditure is mainly on goods and services, which increases from R117.8 million in 2005/06 to R306.4 million in 2011/12, and on compensation of employees, which increases substantially from R51.7 million in 2005/06 to R268.2 million in 2011/12.

## Programme 4: Industrial Development

- *Industrial Competitiveness* does advocacy work and develops policies and interventions related to: the diversifying of technical infrastructural support; eliminating intermediate barriers to entry; deepening domestic technology linkages; and participating in dynamic value chains to improve the industrial competitiveness of the South African economy. Provision is made under this subprogramme for transfers and subsidies to:
  - South African Bureau of Standards develops, promotes and maintains standardisation and quality in connection with commodities, and provides related conformity assessment services aimed at protecting

the integrity of the South African market and creating a competitive advantage for industry. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.

- National Metrology Institute of South Africa provides for the use of the international systems of units and certain other measurement units, and designates, maintains and keeps national measurement units and standards. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.
- South African National Accreditation System provides an effective accreditation system for conformity assessment, calibration and compliance monitoring for good laboratory practice. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.
- National Regulator for Compulsory Specifications administers and maintains compulsory specifications and regulations that may affect public health, safety or the environment, and has the legal metrology responsibility. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.
- Council for Scientific and Industrial Research's aerospace industry programme creates an industry supplier base that is firmly integrated in global supply chains. One of its aims is to stimulate small business and BEE participation through various clustering initiatives. The amounts payable are based on identified industry needs, applications and qualifying projects.
- Council for Scientific and Industrial Research's National Cleaner Production Centre undertakes specific cleaner production projects in the chemicals, agro-processing, clothing, textiles and automotive sectors. Funds are distributed to qualifying projects.
- South African Bureau of Standards' plant infrastructure upgrades infrastructure and laboratories. Funding is based on the project plan.
- South African Bureau of Standards' small business technical consulting programme participates as a member of international organisations dealing with technical infrastructure and regulatory activities. Funding is distributed according to the membership fees of the various organisations.
- *Customised Sector Programmes* develops high impact sector specific strategies for economic growth and employment creation. Provision is made under this subprogramme for a transfer payment to the Industrial Development Corporation's customised sector programme to increase investment, competitiveness and exports in prioritised sectors. Funding is distributed to qualifying projects.

## Objectives and measures

- Grow and diversify manufacturing and tradable services by facilitating and monitoring the implementation of the industrial policy action plan over the next 3 years.
- Foster an enabling environment for industrial upgrading and support for sustainable development by developing and implementing a technical infrastructure strategy (including standards, quality, assurance, accreditation and metrology) by 2009.
- Respond to the impact of climate change by developing and implementing an industrial climate change response plan and launching cleaner production initiatives in at least 110 companies by 2012.
- Support industrial development in South Africa and retain a total of 20 000 direct jobs by 2012 by leveraging government procurement through the national industrial participation programme.
- Strengthen regional industrial development and cooperation by collaborating with regional economic communities to harmonise business laws and develop strategies on continental norms for agricultural, industrial and environmental standards.

## Service delivery and spending focus

The Department of Trade and Industry launched an automotive production and development programme as part of the process of implementing the national industrial policy framework and the industrial policy action plan. Measures were finalised to restructure the clothing and textiles sector, and investment and employment creation strategies were introduced in sectors such as business process outsourcing, tourism, crafts, and film and television production.



The department has provided support to accelerate reforestation in Eastern Cape and KwaZulu-Natal. A draft memorandum of understanding has been compiled to facilitate the import of timber from Mozambique by South African small businesses, and promote investment in forestry projects in Mozambique.

Since 2005, 102 firms have been audited by the National Cleaner Production Centre and about 25 per cent have implemented the recommendations of the audits.

The revised national industrial participation programme guidelines were released, providing a model for skills development and compulsory BEE requirements. The department provided technical and financial support for the development of an action plan for the accelerated industrial development of Africa, which was approved by the AU heads of state and government at the 2008 summit. The department similarly supported an implementation strategy for the action plan, which was approved by the eighteenth conference of African ministers of industry in October 2008.

The department has established craft hubs with rural satellites in Western Cape, Eastern Cape, KwaZulu-Natal and Gauteng. It is expected that some 20 000 new jobs will be created, contributing to South Africa's exports. The deputy president launched the pilot Mzansi collection store, an extension of the Gauteng hub, in Sandton Square in November 2008.

## Expenditure estimates

**Table 32.11 Industrial Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Industrial Competitiveness	185.8	228.9	300.8	352.3	288.9	504.5	449.1
Customised Sector Programmes	24.8	24.3	31.1	91.3	125.7	129.6	148.3
<b>Total</b>	<b>210.6</b>	<b>253.2</b>	<b>331.8</b>	<b>443.6</b>	<b>414.6</b>	<b>634.1</b>	<b>597.4</b>
Change to 2008 Budget estimate				84.3	40.9	239.7	146.9

  

Economic classification							
<b>Current payments</b>	<b>54.0</b>	<b>59.3</b>	<b>80.5</b>	<b>141.3</b>	<b>77.5</b>	<b>88.3</b>	<b>99.7</b>
Compensation of employees	31.9	37.8	47.6	58.0	43.8	45.8	47.9
Goods and services	22.2	21.5	33.0	83.4	33.8	42.5	51.8
of which:							
Administrative fees	0.4	0.3	0.7	–	1.3	–	–
Advertising	0.3	0.6	0.9	0.2	2.3	3.2	3.4
Communication	0.4	0.5	0.6	0.7	0.8	0.6	0.6
Consultants and professional services: Business and advisory services	10.4	4.0	12.3	36.7	9.4	11.9	12.6
Inventory: Stationery and printing	0.9	0.8	0.7	1.4	1.2	2.5	2.6
Travel and subsistence	7.1	10.7	11.6	18.3	10.8	12.0	12.7
Operating expenditure	0.8	0.6	0.9	–	0.9	–	–
Venues and facilities	1.4	3.6	4.8	25.7	6.8	12.2	19.7
<b>Transfers and subsidies</b>	<b>156.2</b>	<b>193.6</b>	<b>250.8</b>	<b>301.4</b>	<b>325.5</b>	<b>533.0</b>	<b>485.3</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	44.4	47.0	59.3	75.5	87.8	94.1	103.0
Universities and technikons	–	6.0	–	10.5	–	–	–
Public corporations and private enterprises	111.5	140.5	191.2	211.8	237.7	438.9	382.2
Households	0.3	0.1	0.3	3.6	–	–	–
<b>Payments for capital assets</b>	<b>0.4</b>	<b>0.3</b>	<b>0.6</b>	<b>0.8</b>	<b>11.6</b>	<b>12.7</b>	<b>12.5</b>
Machinery and equipment	0.4	0.3	0.6	0.8	11.6	12.7	12.5
<b>Total</b>	<b>210.6</b>	<b>253.2</b>	<b>331.8</b>	<b>443.6</b>	<b>414.6</b>	<b>634.1</b>	<b>597.4</b>



Table 32.11 Industrial Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>44.4</b>	<b>47.0</b>	<b>59.3</b>	<b>75.5</b>	<b>87.8</b>	<b>94.1</b>	<b>103.0</b>
South African national accreditation system	9.5	10.0	12.5	13.8	13.9	14.7	15.6
National Metrology Institute of South Africa	34.8	36.9	46.8	55.0	52.3	55.3	58.6
National Regulator for Compulsory Specifications	–	–	–	6.8	21.5	24.1	28.8
<b>Universities and technikons</b>							
<b>Current</b>	<b>–</b>	<b>6.0</b>	<b>–</b>	<b>4.5</b>	<b>–</b>	<b>–</b>	<b>–</b>
Witwatersrand Business School: Centre for Entrepreneurship	–	3.0	–	2.0	–	–	–
University of Pretoria: Advanced Engineering Centre of Excellence	–	3.0	–	2.5	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>–</b>	<b>2.0</b>	<b>–</b>	<b>3.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
Council for Scientific and Industrial Research: Fibre and Textile Centre of Excellence	–	2.0	–	3.0	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>104.6</b>	<b>131.2</b>	<b>173.9</b>	<b>152.8</b>	<b>173.6</b>	<b>200.5</b>	<b>222.7</b>
Council for Scientific and Industrial Research: National Cleaner Production Centre	1.4	4.1	4.5	9.8	19.0	32.1	40.1
Industrial Development Corporation: regional industrial development	–	–	30.0	–	–	–	–
South African Bureau of Standards: Research contribution	102.7	126.4	138.6	142.1	153.7	167.4	181.5
South African Bureau of Standards: Small business technical consulting	0.5	0.6	0.7	0.9	0.9	1.0	1.1
<b>Capital</b>	<b>3.8</b>	<b>5.7</b>	<b>15.8</b>	<b>16.0</b>	<b>15.4</b>	<b>189.9</b>	<b>108.1</b>
Council for Scientific and Industrial Research: Aerospace Industry	3.8	5.7	10.0	10.0	9.9	9.9	20.8
Council for Scientific and Industrial Research: Technology venture capital	–	–	5.8	6.0	5.5	5.8	6.1
South African Bureau of Standards: Plant infrastructure	–	–	–	–	–	174.2	81.2

## Expenditure trends

This programme, which previously formed part of the *Enterprise and Industry Development* programme, will become effective from April 2009. Past expenditure trends are based on expenditure in the relevant subprogrammes.

Expenditure between 2005/06 and 2008/09 increased significantly at an average annual rate of 28.2 per cent, rising from R210.6 million in 2005/06 to R443.6 million in 2008/09. Over the medium term, expenditure on the *Customised Sector Programmes* subprogramme increases rapidly, from R91.3 million in 2008/09 to R148.3 million in 2011/12, at an average annual rate of 17.6 per cent. Much of this is accounted for by the introduction of the customised sector programmes in 2008/09, which will be administered by the Industrial Development Corporation.

Between 2005/06 and 2011/12, the *Industrial Competitiveness* subprogramme is expected to increase at an average annual rate of 15.8 per cent, rising from R185.8 million in 2005/06 to R449.1 million in 2011/12. The increase is mainly due to the additional funding allocated as a transfer to the South African Bureau of Standards for plant infrastructure and capacity building over the MTEF period.

## Public entity

### South African Bureau of Standards

#### Strategic overview: 2005/06 – 2011/12

The Standards Act (1993) was repealed and replaced with two acts, the National Regulator for Compulsory Specifications Act (2008) and the Standards Act (2008), which came into effect in September 2008. These legislative changes are set to transform the previous regulatory division of the South African Bureau of Standards into a separate and independent regulatory body, the National Regulator for Compulsory Specifications, and refine the mandate of the bureau.

The South African Bureau of Standards aims to be the trusted third party for adjudicating and certifying standards for products and services. In this way, the bureau contributes to the economic growth of South Africa and Africa as a whole, promotes the protection of the integrity of the South African market and consumers, creates a competitive advantage for South African industry, and promotes access by South Africans to local and international markets.

Over the medium term, the bureau will focus on developing market relevant national standards in line with international standards. It will continue to offer testing services and conformity assessments to local and international customers, including opening a regional office in China. Central to this focus is the creation and maintenance of awareness of the South African Bureau of Standards brand, and maintaining accreditation with local and international bodies.

The bureau intends to upgrade and modernise laboratories and construct new laboratories to improve and expand test services. Increased profitability will be achieved through aggressive sales and marketing, recruiting and retaining critical skills, using technology enabled processes, and improving operational effectiveness.

#### Selected performance and operations indicators

**Table 32.12 South African Bureau of Standards**

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of South African national standards developed each year	Development of South African national standards	884	558	611	550	700	770	850
Number of days taken to produce a standard	Development of South African national standards	185	177	220	300	360	360	360
Number of requests for information on standards each year	Development of South African national standards	42 956	36 724	34 303	40 000	40 000	40 000	40 000
Number of private specifications developed for the government sector each year	Development of South African national standards	–	217	171	130	160	200	200
Sales of standards each year	Development of South African national standards	R10.6m	R12.3m	R13.9m	R15.7m	R19m	R21m	R23.1m
Investigation, tests and services revenue each year	Tests and conformity assessments	R176m	R194.5m	R174.6m	R218m	R234.3m	R250.7m	R270.7m
Product and service certification revenue each year	Tests and conformity assessments	R92.9m	R105.6m	R134.6m	R160.9m	R184.4m	R202.8m	R225.1m
Total number of accredited laboratories	Tests and conformity assessments	52	56	56	69	72	84	90
Total number of certification schemes	Tests and conformity assessments	18	18	18	18	19	20	22
Number of test reports each year	Tests and conformity assessments	400 465	429 219	376 823	516 129	541 935	569 032	625 935

#### Service delivery and spending focus

Following the split in 2008/09 with the National Regulator for Compulsory Specification, the South African Bureau of Standards reviewed its operating model.

The development of national standards is set to meet the annual target of 550 for 2008/09. Following the decision of the International Organisation for Standardisation to allow the bureau to reduce prices to match their own, sales of standards have increased.

Despite being slightly behind target, the product and system certification business has recorded notable growth since 2005/06. The number of certification schemes has increased to 18, providing avenues for further growth in the future. Test volumes have not reached the desired levels and are impacting on revenue growth.

Marketing efforts have been intensified to improve awareness of the South African Bureau of Standards and its services and alert consumers to issues of quality. To this end, in October 2008 the bureau organised its first expo.

The Design Institute promotes innovation and excellence in product design, organising events to promote the conversion of ideas into products.

## Expenditure estimates

**Table 32.13 South African Bureau of Standards (SABS): Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>381.8</b>	<b>363.2</b>	<b>352.7</b>	<b>433.7</b>	<b>452.1</b>	<b>489.8</b>	<b>540.5</b>
Sale of goods and services other than capital assets	360.6	304.1	318.4	415.3	437.8	474.5	519.0
of which:							
Admin fees	81.2	—	—	—	—	—	—
Sales by market establishments	279.4	304.1	318.4	415.3	437.8	474.5	519.0
Other non-tax revenue	21.2	59.0	34.4	18.5	14.3	15.3	21.5
<b>Transfers received</b>	<b>102.7</b>	<b>126.4</b>	<b>138.6</b>	<b>142.1</b>	<b>153.7</b>	<b>167.4</b>	<b>181.5</b>
<b>Total revenue</b>	<b>484.6</b>	<b>489.6</b>	<b>491.4</b>	<b>575.9</b>	<b>605.8</b>	<b>657.2</b>	<b>722.0</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>458.7</b>	<b>417.8</b>	<b>450.2</b>	<b>541.8</b>	<b>549.3</b>	<b>594.7</b>	<b>654.0</b>
Compensation of employees	262.8	244.7	260.5	344.8	350.5	378.5	408.8
Goods and services	177.9	151.7	162.5	169.6	168.1	178.1	194.5
Depreciation	16.2	18.8	24.6	25.3	29.0	36.3	48.8
Interest, dividends and rent on land	1.8	2.5	2.6	2.2	1.8	1.8	1.9
<b>Transfers and subsidies</b>	<b>5.6</b>	<b>5.2</b>	<b>6.3</b>	<b>8.5</b>	<b>7.3</b>	<b>7.9</b>	<b>8.6</b>
<b>Total expenses</b>	<b>464.3</b>	<b>423.0</b>	<b>456.6</b>	<b>550.3</b>	<b>556.7</b>	<b>602.6</b>	<b>662.6</b>
<b>Surplus / (Deficit)</b>	<b>20.3</b>	<b>66.6</b>	<b>34.8</b>	<b>25.6</b>	<b>49.1</b>	<b>54.6</b>	<b>59.4</b>
<b>Statement of financial position</b>							
Carrying value of assets	131.6	157.3	178.3	223.1	408.2	500.7	491.5
of which: Acquisition of assets	34.4	37.6	48.8	73.2	214.1	128.7	39.6
Investments	171.8	237.6	289.1	241.8	246.7	259.0	271.9
Inventory	0.7	0.5	0.4	0.7	0.5	0.4	0.4
Receivables and prepayments	82.0	73.9	85.9	135.3	148.8	163.7	180.0
Cash and cash equivalents	29.3	31.4	1.0	20.3	81.3	126.0	156.7
Assets not classified elsewhere	—	13.4	15.7	—	—	—	—
<b>Total assets</b>	<b>415.4</b>	<b>514.1</b>	<b>570.5</b>	<b>621.2</b>	<b>885.5</b>	<b>1 049.7</b>	<b>1 100.5</b>
Accumulated surplus/deficit	119.1	196.1	230.9	256.5	305.6	360.2	419.6
Capital and reserves	75.9	96.2	103.1	94.3	102.3	107.1	109.7
Borrowings	27.1	27.9	27.6	22.2	21.5	17.5	2.5
Post-retirement benefits	91.4	94.6	90.8	93.0	102.3	112.6	123.8
Trade and other payables	50.5	64.2	69.5	124.3	141.1	143.3	108.0
Provisions	2.9	2.9	—	—	—	—	—
Liabilities not classified elsewhere	48.6	32.2	48.5	30.9	212.6	309.1	336.9
<b>Total equity and liabilities</b>	<b>415.4</b>	<b>514.1</b>	<b>570.5</b>	<b>621.2</b>	<b>885.5</b>	<b>1 049.7</b>	<b>1 100.5</b>

## Expenditure trends

While total revenue is expected to increase from R575.9 million in 2008/09 to R722 million in 2011/12, growth is projected to slow due to the global recession. The projected increase is driven by growth of 7 per cent in the areas of investigation, tests and services, and 10 per cent in both the product and system certification business, as well as by the sale of publications.

Expenditure is projected to increase at an average annual rate of 6.4 per cent to R662.6 million in 2011/12, compared to R550.3 million in 2008/09. The increase in expenditure is driven by the need to recruit and retain critical skills, invest in the development of human resources, create and entrench South African Bureau of Standards brand awareness, and maintain and improve infrastructure.

Capital amounts of R174.2 million in 2010/11 and R81.2 million in 2011/12 will be received from the Department of Trade and Industry for a major infrastructure project to relocate approximately 6 000 m<sup>2</sup> of chemical, biological and physical testing laboratories to newly built laboratories. The vacated laboratory space will be refurbished.

## Programme 5: Consumer and Corporate Regulation

- *Policy and Legislative Development* develops coherent, predictable and transparent regulatory solutions. Funding is mainly used for salaries and related personnel costs.
- *Enforcement and Compliance* ensures that participants in economic activities comply with consumer and corporate rules. Funding is mainly used for inspectors' salaries.
- *Regulatory Services* monitors and funds number of regulatory agencies:
  - Competition Commission promotes competitive market conditions through investigating and prosecuting anti-competitive activities. Funding is based on the approved business plan of the commission and supporting memorandums of understanding.
  - Competition Tribunal adjudicates all major mergers and alleged restrictive practices. Funding is based on the approved business plan of the tribunal and supporting memorandums of understanding.
  - National Consumer Tribunal ensures equity in the credit market and balances the rights and responsibilities of credit providers and consumers. Funding is based on the approved business plan of the tribunal and supporting memorandums of understanding.
  - National Credit Regulator regulates the consumer credit industry to improve consumer protection in the end user credit market. Funding is based on the approved business plan of the regulator and supporting memorandums of understanding.
  - National Gambling Board provides a regulatory framework for gambling practices. Funding is based on the approved business plan of the board and supporting memorandums of understanding.
  - National Consumer Commission ensures well functioning markets that are fair, competitive and responsible to consumers. Funding is based on the approved business plan of the commission and supporting memorandums of understanding.
  - World Intellectual Property Organisation facilitates a South African contribution to an international regime for intellectual properties. Funding is based on membership fees for the organisation.

## Objectives and measures

- Increase access to economic opportunities for historically disadvantaged individuals by overseeing the department's 9 regulating entities.
- Improve investor confidence and certainty in South African business regulation by:
  - establishing the Companies Commission in 2009/10,
  - enacting the Consumer Protection Bill and establishing the Consumers Commission in 2009/10
  - introducing the Intellectual Property Laws Amendment Act and publishing a policy document on intellectual property law reform for public comment in 2009/10
- Promote competitive and socially responsible business by:
  - implementing amendments to the Competition Act (1998) in 2008/09
  - reviewing the Lotteries Act (1997) and the Estate Agency Affairs Act (1976).

## Service delivery and spending focus

The Competition Amendment Act (2008) deals with price fixing cartels, market allocation, collusion and collusive tendering in highly concentrated markets. The Consumer Protection Act (2008) prevents consumers

from being harmed and strengthens their economic welfare by adopting consumer rights and responsibilities when transacting with suppliers and providing efficient redress. The new Companies Act (2008) reduces the regulatory burden on small businesses and simplifies the registration process, as well as promoting corporate governance and market transparency to encourage investor confidence. A research project on the effectiveness of the Estate Agency Affairs Act (1976) has been completed, and a policy framework for revising this legislation has been prepared. A similar review process was completed for the Lotteries Act (1997). The National Credit Act (2007) protects consumers against reckless lending and indebtedness, and prevents credit providers from harming consumers by placing the duty to determine what they can afford on the credit providers. Since the implementation of the act three years ago, reckless credit lending has decreased and household debt has been contained, assisting South African consumers to survive financially in the current global financial crisis.

In 2007/08, the department finalised 625 credit consumer complaints and R765 588 was recovered for consumers through alternative dispute resolution mechanisms. The average turnaround time was 20 days per complaint. 26 reactive investigations were received and finalised, and 20 new proactive investigations were conducted. 23 proactive investigations were concluded, of which 7 were carried over from the previous year. High profile investigations conducted in 2007/08 included reverse mortgage schemes, transport contracts, and mail order marketing scams. Several money making scams were referred to the commercial branch of the South African Police Service. In 2007/08, 161 company complaints were finalised, 65 search and seizure operations conducted, 7 inspection requests disposed of, and 3 comprehensive inspections finalised.

Over 10 000 students from further education and training colleges benefited from a financial literacy campaign.

## Expenditure estimates

**Table 32.14 Consumer and Corporate Regulation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Policy and Legislative Development	5.8	8.6	8.7	18.1	14.8	15.9	16.7
Enforcement and Compliance	19.7	31.2	27.7	30.5	46.0	49.3	51.9
Regulatory Services	68.1	91.4	101.5	124.5	177.7	199.8	219.2
<b>Total</b>	<b>93.6</b>	<b>131.2</b>	<b>137.9</b>	<b>173.2</b>	<b>238.6</b>	<b>265.0</b>	<b>287.8</b>
Change to 2008 Budget estimate				(11.4)	36.0	43.1	66.1
<b>Economic classification</b>							
<b>Current payments</b>	<b>30.8</b>	<b>45.9</b>	<b>39.1</b>	<b>53.3</b>	<b>62.4</b>	<b>66.4</b>	<b>62.5</b>
Compensation of employees	18.7	29.0	29.7	33.8	38.7	40.5	38.8
Goods and services	12.1	16.9	9.4	19.5	23.7	25.9	23.7
of which:							
Administrative fees	0.1	0.1	0.3	–	0.5	0.5	0.6
Advertising	1.2	0.1	1.2	0.2	0.1	0.1	0.2
Assets less than R5 000	0.0	0.0	0.0	–	1.0	0.9	1.0
Communication	0.1	0.2	0.2	0.3	0.4	0.4	0.5
Computer services	–	–	0.1	–	0.6	0.6	0.7
Consultants and professional services: Business and advisory services	5.4	7.5	2.2	12.0	8.8	7.6	8.8
Consultants and professional services: Legal costs	0.9	0.8	0.4	–	–	–	–
Contractors	0.0	0.0	0.0	–	1.0	1.1	1.2
Inventory: Stationery and printing	0.5	0.7	0.3	0.9	0.9	1.0	1.2
Owned and leasehold property expenditure	–	–	0.6	–	–	–	–
Travel and subsistence	2.3	4.2	3.4	4.5	5.6	7.0	5.4
Operating expenditure	1.0	1.4	–	–	2.7	4.0	2.5
Venues and facilities	0.4	1.9	0.4	1.6	2.2	2.6	1.7

Table 32.14 Consumer and Corporate Regulation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>62.4</b>	<b>85.1</b>	<b>98.5</b>	<b>119.1</b>	<b>175.2</b>	<b>197.6</b>	<b>224.2</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	60.7	82.8	96.2	116.7	172.6	194.8	221.2
Foreign governments and international organisations	1.6	2.0	2.3	2.5	2.6	2.8	2.9
Households	0.1	0.2	0.0	–	–	–	–
<b>Payments for capital assets</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.7</b>	<b>0.9</b>	<b>1.0</b>	<b>1.1</b>
Machinery and equipment	0.4	0.3	0.3	0.7	0.9	1.0	1.1
<b>Total</b>	<b>93.6</b>	<b>131.2</b>	<b>137.9</b>	<b>173.2</b>	<b>238.6</b>	<b>265.0</b>	<b>287.8</b>

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>60.7</b>	<b>82.8</b>	<b>96.2</b>	<b>116.7</b>	<b>172.6</b>	<b>194.8</b>	<b>221.2</b>
Companies and Intellectual Property Registration Office	4.3	–	–	–	–	–	–
Competition Commission	28.2	17.3	23.2	44.0	67.7	73.8	86.6
Competition Tribunal	–	8.0	8.7	9.9	13.0	13.6	15.2
Micro Finance Regulatory Council	15.9	–	–	–	–	–	–
National Credit Regulator	–	37.9	44.5	34.1	43.9	45.9	51.0
National Gambling Board	12.3	19.6	19.8	17.3	20.6	21.6	23.6
National Consumer Tribunal	–	–	–	11.4	17.5	20.1	23.8
National Consumer Commission	–	–	–	–	9.9	19.8	21.0
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>1.6</b>	<b>2.0</b>	<b>2.3</b>	<b>2.5</b>	<b>2.6</b>	<b>2.8</b>	<b>2.9</b>
World Intellectual Property Organisation	1.6	2.0	2.3	2.5	2.6	2.8	2.9

## Expenditure trends

Expenditure increased rapidly from R93.6 million in 2005/06 to R173.2 million in 2008/09 at an average annual rate of 22.8 per cent. Expenditure rose markedly in 2006/07, increasing by 40.2 per cent, mainly due to the establishment of the National Credit Regulator and the incorporation of the Micro Finance Regulatory Council into the regulator. Spending is projected to grow at an average annual rate of 18.4 per cent over the medium term to reach R287.8 million in 2011/12.

The increase of 108 per cent in the *Policy and Legislative Development* subprogramme in 2008/09 is mainly due to the revision and drafting of the new Companies Act (2008) and the introduction of the National Credit Act (2007). An increase in human resources was necessary to deal with the growing legislative workload in consumer and corporate regulation. Expenditure in the *Enforcement and Compliance* subprogramme rose by 58.4 per cent between 2005/06 and 2006/07, mainly due to the rapid increase in compensation of employees and associated goods and services expenditure. Increased funding over the medium term reflects the department's drive to improve regulatory oversight, consumer awareness and law enforcement, evident in the increasing allocations for compensation of employees in all three subprogrammes. The largest increase is concentrated in the *Regulatory Services* subprogramme, which accounts for the majority of spending on consumer and corporate regulation. Expenditure rises from R124.5 million in 2008/09 to R219.2 million in 2011/12 at an average annual rate of 20.8 per cent.

Transfers and subsidies also rise rapidly over the medium term, from R119.1 million in 2008/09 to R224.2 million in 2011/12. This is driven by the growth in transfers to the Competition Commission, the National Credit Regulator and the National Consumer Tribunal.



## Programme 6: The Enterprise Organisation

- *Incentive Administration* manages and implements existing incentive schemes. Provision is made under this subprogramme for the following transfers and grants to public entities and incentive schemes:
  - Coega Development Corporation provides bulk infrastructure development at the Coega industrial development zone, encouraging companies to invest in South Africa and facilitating sustainable growth and employment. Funding is based on the approved business plans of the company.
  - East London Industrial Development Zone Company provides bulk infrastructure development at this industrial development zone, encouraging companies to invest in South Africa and facilitating sustainable growth and employment. Funding is based on the approved business plans of the company.
  - Richards Bay Industrial Development Zone Company provides bulk infrastructure development at this industrial development zone, encouraging companies to invest in South Africa and facilitating sustainable growth and employment. Funding is based on the approved business plans of the company.
  - Critical Infrastructure Programme provides bulk infrastructure development, assisting green or brown field companies to invest in South Africa. Grants are based on qualifying criteria and approved applications.
  - Black Business Supplier Development Programme provides incentives to qualifying companies, which support black business suppliers. Grants are based on qualifying criteria and approved applications.
  - Business Process Outsourcing Programme provides incentives to qualifying companies, which support the establishment of international call centres in South Africa. Grants are based on qualifying criteria and approved applications.
  - Cooperatives Incentive Scheme provides incentives to qualifying companies, through which cooperative enterprises in the emerging economy acquire business development services. Grants are based on qualifying criteria and approved applications.
  - Enterprise Development for the Small and Medium Enterprise Development Programme provides incentives to qualifying companies, through which a grant is payable to local and foreign investors starting or expanding current operations. Grants are based on qualifying assets and projects.
  - Small and Medium Manufacturing Development Programme provides incentives to qualifying companies, through which a grant is payable to local and foreign investors starting or expanding current operations. Grants are based on qualifying assets and projects.
  - Export Marketing and Investment Assistance Programme provides incentives to qualifying companies, through which the costs of developing export markets and recruiting foreign direct investments are partially compensated. Grants are based on qualifying criteria and approved applications.
  - Film and Television Production Incentive Scheme provides incentives to film and television production companies. Grants are based on qualifying criteria and approved applications.
  - Staple Food Fortification Programme provides incentives to the graining milling industry for buying and installing capital equipment for staple food fortification. Funding is based on the calculation of mill size as a percentage of the qualifying costs, to a maximum of R40 000 per complete fortification unit.
  - Automotive Production and Development Programme provides incentives to qualifying motor vehicle manufacturers, whereby motor vehicle assembling in South Africa is supported. Grants are based on qualifying criteria and approved applications.
- *New Incentive Development* develops packages of incentives to support the national industrial development policy and sector strategies. Funding is mainly used for salaries and other personnel related costs, especially research projects.
- *Business Development and After-Care* facilitates access to targeted enterprises. Funding is mainly used for salaries.

### Objectives and measures:

- Support the national industrial policy framework by:
  - developing and implementing 4 packages of incentives relating to manufacturing, tourism, skills and competitiveness by February 2010



- monitoring the effectiveness of the 4 framework incentive schemes by developing indicators and targets by February 2010 and monitoring their performance on an ongoing basis
- developing administrative capacity in support of the framework by upgrading the IT system by 2009 to improve claims administration and reduce times for processing claims from 90 days to 30 days on average
- assessing the effectiveness of incentive schemes by reviewing the impact of at least 3 schemes by March 2010.

## Service delivery and spending focus

The industrial development zones have secured further commitments to investment. In 2007/08, the Coega Development Corporation secured 9 investors with an estimated total investment value of R5.9 billion. The East London Industrial Development Zone Company finalised location agreements with 6 investors, 3 of which are for the automotive sector, with an estimated total investment value of R271 million. The Richards Bay Industrial Development Zone Company secured 2 key investors, a ferrochrome smelter and a pulp mill, with an estimated total investment value of R2.3 billion. Phase 1 of Tata Steel's ferrochrome smelter was completed in 2007/08 at a cost of R850 million. In the first half of 2008/09, the Coega industrial development zone exported biomass and frozen yoghurt products worth US\$14 million. The East London industrial development zone conceptualised and constructed a dedicated automotive supplier park as a flagship cluster development. 38 050 components are manufactured per day, equating to 1.2 million components in 2007/08, of which 948 000 (79 per cent) were exported and the remainder was sold to the local market.

The enterprise investment programme was launched in July 2008, and the small medium enterprise development programme was closed for applications in 2007/08. Subsequently, 4 510 projects were approved under the small medium enterprise development programme. The projected investment value of these projects over a 3-year period is R29.3 billion in productive capital assets, creating an estimated 106 440 jobs.

A film and television production rebate programme was introduced in 2004 to attract large foreign and local productions into South Africa. Having provided rebates for several successful productions, the department nevertheless realised that there should be more measures to support the local industry. In February 2008, this programme was replaced with a new incentive, with a budget of R806.1 million over the next 3 years. The new film production incentive programme has approved 31 productions: 17 South African, 12 foreign, and 2 co-productions. Together they qualify for a total rebate of R147 million. On completion, the projects are expected to have spent R1 billion in South Africa on goods and services. Of this, R789 million is direct foreign expenditure.

In March 2007, an incentive package for business process outsourcing and off-shoring investors was launched. R710.2 million is allocated for these incentives over the MTEF period. To date, 14 applications have been approved with 12 000 call operator seats, representing a total investment of R1.1 billion. These businesses are expected to create 15 000 jobs over the next 3 years, more than half of the 25 000 target.

## Expenditure estimates

**Table 32.15 The Enterprise Organisation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million							
Incentive Administration	1 016.8	1 425.3	2 552.2	2 406.1	3 426.7	2 853.0	3 017.6
New Incentive Development	2.3	2.8	3.1	3.1	5.3	6.6	6.8
Business Development and After-Care	7.7	6.1	7.7	7.4	7.9	9.3	9.6
<b>Total</b>	<b>1 026.7</b>	<b>1 434.3</b>	<b>2 563.1</b>	<b>2 416.6</b>	<b>3 440.0</b>	<b>2 868.8</b>	<b>3 034.0</b>
Change to 2008 Budget estimate				14.3	208.5	235.4	232.1

Table 32.15 The Enterprise Organisation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>36.7</b>	<b>41.8</b>	<b>50.7</b>	<b>71.9</b>	<b>80.3</b>	<b>80.4</b>	<b>93.0</b>
Compensation of employees	26.9	32.3	38.9	54.5	62.9	64.4	65.2
Goods and services	9.8	9.5	11.8	17.4	17.4	16.1	27.8
<i>of which:</i>							
Administrative fees	0.1	0.2	0.3	–	–	–	–
Advertising	0.1	0.2	0.1	0.2	0.4	0.4	0.9
Assets less than R5 000	0.0	0.0	0.0	–	0.0	0.0	0.1
Bursaries (employees)	0.0	–	0.1	–	–	–	–
Catering: Departmental activities	0.0	0.0	0.1	–	0.1	0.1	0.1
Communication	0.2	0.2	0.3	0.3	0.3	0.3	0.5
Computer services	0.9	0.8	1.1	1.1	1.2	1.2	1.2
Consultants and professional services: Business and advisory services	2.1	2.0	1.8	2.6	4.1	4.8	8.6
Consultants and professional services: Legal costs	2.2	0.9	0.5	–	0.1	0.1	1.0
Contractors	0.0	0.0	0.2	–	–	–	–
Agency and support / outsourced services	0.9	0.3	–	–	–	–	–
Entertainment	–	0.0	0.0	–	0.1	0.2	0.3
Inventory: Other consumables	0.0	0.0	0.0	–	0.0	0.0	0.0
Inventory: Stationery and printing	0.6	1.1	1.0	1.2	1.2	1.3	2.1
Owned and leasehold property expenditure	0.0	0.0	0.0	–	0.1	0.1	0.1
Travel and subsistence	2.1	3.2	5.0	9.0	8.6	6.0	10.9
Training and development	0.0	0.0	0.0	–	–	–	–
Operating expenditure	0.4	0.2	0.4	–	0.3	0.3	0.3
Venues and facilities	0.1	0.3	0.8	3.0	1.0	1.4	1.7
<b>Transfers and subsidies</b>	<b>989.8</b>	<b>1 391.9</b>	<b>2 511.8</b>	<b>2 343.8</b>	<b>3 358.9</b>	<b>2 787.5</b>	<b>2 940.3</b>
Provinces and municipalities	0.1	58.2	–	–	–	–	–
Public corporations and private enterprises	989.7	1 333.7	2 511.6	2 343.8	3 358.9	2 787.5	2 940.3
Households	0.0	–	0.2	–	–	–	–
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.6</b>	<b>0.7</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>	<b>0.7</b>
Machinery and equipment	0.2	0.6	0.7	0.8	0.8	0.9	0.7
<b>Total</b>	<b>1 026.7</b>	<b>1 434.3</b>	<b>2 563.1</b>	<b>2 416.6</b>	<b>3 440.0</b>	<b>2 868.8</b>	<b>3 034.0</b>
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Capital</b>	<b>–</b>	<b>58.2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Industrial development zones grant	–	58.2	–	–	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Capital</b>	<b>76.6</b>	<b>379.8</b>	<b>850.8</b>	<b>872.5</b>	<b>1 177.7</b>	<b>495.0</b>	<b>524.7</b>
Coega Development Corporation	58.9	249.8	726.0	718.4	859.9	495.0	524.7
East London Industrial Development Zone (Pty) Limited	17.7	130.0	124.9	154.0	249.4	–	–
Richards Bay Industrial Development Zone Company	–	–	–	0.0	68.4	–	–

Table 32.15 The Enterprise Organisation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>789.6</b>	<b>759.9</b>	<b>1 177.4</b>	<b>1 249.7</b>	<b>1 639.4</b>	<b>1 686.6</b>	<b>1 779.5</b>
Business Process Outsourcing	–	–	35.6	110.0	210.0	245.1	255.1
Enterprise Development	723.8	676.6	1 040.2	977.8	916.9	733.2	627.2
Film and Television Production Incentive	41.3	72.4	96.0	154.2	246.9	268.9	290.3
Sector Development Programme	–	–	–	0.0	10.0	1.8	3.1
Small and Medium Manufacturing Development Programme	24.6	11.0	5.6	4.7	1.2	1.2	1.3
Staple Food Fortification Programme	–	–	–	3.0	1.0	0.0	–
Industrial Development Zones-Other	–	–	–	0.0	4.5	5.6	1.0
Enterprise Investment Programme	–	–	–	0.0	249.0	430.7	601.5
<b>Capital</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>248.3</b>	<b>297.0</b>	<b>316.8</b>
Automotive Production and Development Programme	–	–	–	–	248.3	297.0	316.8
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>97.8</b>	<b>105.7</b>	<b>123.2</b>	<b>146.5</b>	<b>187.9</b>	<b>193.2</b>	<b>200.7</b>
Black business supplier development programme	15.9	25.0	28.5	25.3	38.9	40.6	43.1
Co-operatives incentive scheme	–	3.8	–	9.3	34.5	41.6	39.4
Export market and investment assistance	81.8	75.7	89.8	111.9	114.4	111.0	118.3
South African Capital Goods Feasibility Study Fund	–	1.3	4.9	–	–	–	–
<b>Capital</b>	<b>24.9</b>	<b>88.2</b>	<b>360.2</b>	<b>75.1</b>	<b>105.6</b>	<b>115.7</b>	<b>118.5</b>
Critical infrastructure programme	24.9	88.2	60.2	75.1	105.6	115.7	118.5
Critical infrastructure programme: ALCAN aluminium smelter	–	–	300.0	–	–	–	–

## Expenditure trends

Expenditure has increased consistently, rising from R1 billion in 2005/06 to an expected R3 billion in 2011/12. Between 2005/06 and 2008/09, expenditure increased rapidly, reaching R2.4 billion in 2008/09, at an average annual rate of 33.9 per cent. Much of the growth since 2007/08 was due to larger capital injections into the industrial development zones, including R300 million for infrastructure investment for the Alcan aluminium smelter, and R110 million to establish business process outsourcing.

The increases of 40.1 per cent and 47.5 per cent on compensation of employees and goods and services in 2008/09 are mainly due to an increase in the number of new incentives schemes, which required more human resources capacity.

Over the medium term, expenditure growth stabilises, rising by an average annual rate of 7.9 per cent between 2008/09 and 2011/12. This disguises an expenditure peak at R3.4 billion in 2009/10 for transfer payments to companies assisted through the small medium enterprise development programme, the critical infrastructure programme, and the companies located in the three industrial development zones. In 2008/09, R1.5 billion was paid to cover incentive schemes, and R872.5 million was paid to the industrial development zones.

## Programme 7: Trade and Investment South Africa

- *Investment Promotion and Facilitation* facilitates the increase in the quality and quantity of foreign and domestic direct investment by providing an investment recruitment, problem solving and information service to retain and expand investment in South Africa and into Africa. Funding is mainly for salaries for analysts and associated costs.
- *Export Development and Promotion* develops new and existing South African exporter capabilities to grow exports. It provides information, financial support and practical assistance to sustain organic growth in

traditional markets and penetrate new high growth markets. Provision is made under this subprogramme for the following transfers and subsidies:

- Export Consultancy Trust Fund: International Bank for Reconstruction and Development (World Bank) undertakes feasibility studies for capital goods and projects initiated by the World Bank. Funds are distributed based on approved World Bank projects.
- Export Consultancy Trust Fund: International Finance Corporation assists South African businesses to be successful in dealing with the International Finance Corporation as an investment in building a long term sustainable export strategy for South African goods and services. Funding is distributed based on diligence investigations and pre-feasibility studies.
- Export Credit Insurance Corporation provides long term insurance and investment guarantees on behalf of government, and facilitates and encourages South African export trade by underwriting foreign bank loans and investments to enable foreign buyers to purchase capital goods and services from South Africa. Funds are distributed based on approved projects.
- *International Operations* manages and administers the department's foreign office network. Funding is used for salaries, especially for trade advisors, and the costs of operating foreign trade offices.

## Objectives and measures

- Promote awareness of investment opportunities in South Africa by conducting 3 international investment conferences, 95 investment presentations, 6 South African exhibitions (pavilions) and 5 ministerial or presidential missions by March 2010.
- Improve the capacity of new exporters by training 200 new small exporters, reaching 2 000 customers and distributing 3 000 publications by March 2010.
- Promote South African products in targeted high growth markets by conducting 6 international trade initiatives and 25 pavilions, and fund 50 trade missions through export council and provincial investment promotion agencies by March 2010.
- Facilitate markets for Southern African products and services by promoting and implementing 8 export projects in high yield targeted countries by March 2010.

## Service delivery and spending focus

To implement the export strategy, approved in 2008, a national exporter database and an export portal were completed and 49 trade missions and 30 national pavilions supported. 225 companies underwent training and attended international events through the small exporters development programme. The Mzansi project, aimed at showcasing South African arts and crafts, will be launched in 2009.

Domestic and international investment was mobilised, generating a possible 74 projects worth R206 billion, with the potential of creating more than 30 000 jobs. Domestic investment projects are worth R153 billion and foreign investments R53 billion. Of the R206 billion, R171 billion is committed, or in progress. Manufacturing accounts for R19.7 billion, resources for R182.7 billion, and services for R3.6 billion. This has been achieved by focusing on customer needs, reducing lengthy administrative procedures, and providing an all encompassing service to investors.

Two presidential international investment conferences and one investor conference were facilitated in 2008.

## Expenditure estimates

Table 32.16 Trade and Investment South Africa

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Investment Promotion and Facilitation	35.3	28.4	24.6	36.1	29.7	32.3	34.0
Export Development and Promotion	249.0	169.1	153.4	175.2	177.3	179.4	189.3
International Operations	–	–	106.5	86.5	76.1	91.0	99.8
<b>Total</b>	<b>284.3</b>	<b>197.4</b>	<b>284.5</b>	<b>297.8</b>	<b>283.1</b>	<b>302.7</b>	<b>323.1</b>
Change to 2008 Budget estimate				0.4	(15.4)	(11.7)	(4.7)

## Economic classification

<b>Current payments</b>	<b>90.2</b>	<b>133.6</b>	<b>148.9</b>	<b>163.2</b>	<b>128.3</b>	<b>139.1</b>	<b>149.6</b>
Compensation of employees	56.3	71.7	83.0	86.3	80.4	86.0	85.8
Goods and services	34.0	53.8	65.9	76.9	47.9	53.1	63.8
<i>of which:</i>							
Administrative fees	0.6	1.0	1.2	–	0.2	0.2	0.2
Advertising	1.3	2.2	2.2	1.9	1.3	1.4	1.6
Communication	1.5	2.1	2.5	1.5	1.2	1.2	1.5
Computer services	0.2	0.3	0.4	1.1	1.2	1.2	1.5
Consultants and professional services: Business and advisory services	1.4	3.1	–	4.0	1.7	1.7	2.1
Consultants and professional services: Infrastructure and planning	–	1.0	–	–	–	–	–
Contractors	–	–	3.0	–	1.3	1.3	1.6
Entertainment	0.6	1.2	1.5	–	0.6	0.7	0.8
Inventory: Stationery and printing	1.7	1.1	1.2	1.4	1.1	1.1	1.3
Lease payments	8.6	14.5	14.5	6.2	4.8	5.0	6.0
Owned and leasehold property expenditure	–	1.5	2.0	–	0.4	0.4	0.5
Travel and subsistence	10.3	14.1	17.6	18.1	13.8	14.7	17.4
Operating expenditure	6.0	5.7	6.1	–	7.6	7.8	9.5
Venues and facilities	1.5	5.6	13.3	42.7	12.5	16.0	19.3
Financial transactions in assets and liabilities	–	8.1	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>192.9</b>	<b>60.8</b>	<b>134.3</b>	<b>133.6</b>	<b>152.9</b>	<b>161.6</b>	<b>171.3</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	3.0	0.5	–	–	–	–	–
Public corporations and private enterprises	181.4	55.9	120.6	123.6	142.4	150.5	159.5
Foreign governments and international organisations	8.4	4.5	13.7	9.9	10.5	11.1	11.8
Households	0.0	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>1.1</b>	<b>3.0</b>	<b>1.4</b>	<b>1.1</b>	<b>1.9</b>	<b>2.1</b>	<b>2.2</b>
Machinery and equipment	1.1	3.0	1.4	1.1	1.9	2.1	2.2
<b>Total</b>	<b>284.3</b>	<b>197.4</b>	<b>284.5</b>	<b>297.8</b>	<b>283.1</b>	<b>302.7</b>	<b>323.1</b>

## Details of selected transfers and subsidies

<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>25.2</b>	<b>4.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Aichi exposition	25.2	4.0	–	–	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>155.6</b>	<b>51.8</b>	<b>120.6</b>	<b>123.6</b>	<b>142.4</b>	<b>150.5</b>	<b>159.5</b>
Export Credit Insurance Corporation	155.6	51.8	120.6	123.6	142.4	150.5	159.5
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>8.4</b>	<b>4.5</b>	<b>13.7</b>	<b>9.9</b>	<b>10.5</b>	<b>11.1</b>	<b>11.8</b>
Export Consultancy Trust Fund: International Bank for Reconstruction and Development (World Bank)	4.2	–	9.1	5.0	5.2	5.5	5.9
Export Consultancy Trust Fund: International Finance Corporation	4.2	4.5	4.7	5.0	5.2	5.5	5.9

## Expenditure trends

Expenditure increases moderately over the seven-year period, rising from R284.3 million in 2005/06 to an expected R323.1 million in 2011/12, at an average annual increase of 2.2 per cent. The increase is mainly due to increased funding of export and investment promotion. It is mostly for reviewing and developing export related policies and providing for the interest make-up scheme for export reinsurance. This also results in a rapid increase in transfers to the Export Credit Insurance Corporation, which rise from R123.6 million in 2008/09 to R159.5 million in 2011/12.

Expenditure in the *Investment Promotion and Facilitation* subprogramme reflected growth of 46.7 per cent in 2008/09, rising from R24.6 million in 2007/08 to R36.1 million in 2008/09. This considerable increase is due to an additional allocation for the development of an investment promotion and facilitation strategy and for research. The strategy aims to raise the level of South Africa's direct investment and the exports of its goods and services to and from priority markets.

## Programme 8: Communication and Marketing

- *Brand Management* is responsible for managing the department's image and ensuring that excellent customer service standards are upheld by improving customer touch points and ensuring strong customer relationship management.
- *External Communications* is responsible for outreach programmes and educational campaigns to ensure a meaningful understanding of the department's offerings.
- *Media Relations and Public Relations* ensures that the department's image is visible by improving media relations management and public relations activities.

## Objectives and measures

- Promote awareness of the department's impact on growth and development by increasing awareness campaigns on the department's programmes from 8 campaigns in 2009 (2 per quarter) to 12 in 2011 (3 per quarter).
- Improve communication about the department's role, products and services by:
  - increasing the frequency of media updates from an average of 8 per month currently (bi-weekly) to an average of 20 per month (daily) in 2009
  - increasing the number of media briefings from 8 per year (2 per quarter) to 16 per year (4 per quarter) by 2011.

## Service delivery and spending focus

Over the past 18 months, the department held 149 events, exhibitions and imbizos. 103 print and electronic publications were produced, reaching 18 million people. The department also distributed 48 media releases, conducted 205 daily media monitors, forwarded 36 media reports to its management forum, and held 21 media briefings.

## Expenditure estimates

**Table 32.17 Communications and Marketing**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Brand Management	11.8	8.0	17.3	27.5	20.3	22.1	23.4
External Communications	18.9	12.0	14.0	25.2	30.1	33.0	34.9
Media Relations and Public Relations	42.0	45.9	30.2	19.1	15.4	19.8	20.8
<b>Total</b>	<b>72.7</b>	<b>65.8</b>	<b>61.5</b>	<b>71.7</b>	<b>65.7</b>	<b>74.8</b>	<b>79.0</b>
Change to 2008 Budget estimate				(2.1)	(13.1)	(15.5)	(3.3)

Table 32.17 Communications and Marketing (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>72.6</b>	<b>49.0</b>	<b>60.0</b>	<b>67.9</b>	<b>59.0</b>	<b>74.3</b>	<b>78.5</b>
Compensation of employees	10.1	11.5	13.6	17.0	14.6	18.3	19.2
Goods and services	41.6	37.5	20.5	50.8	44.4	56.0	59.3
<i>of which:</i>							
Advertising	3.7	6.4	7.1	19.9	13.1	8.5	9.0
Catering: Departmental activities	0.0	0.0	0.7	–	0.8	0.8	0.9
Consultants and professional services: Business and advisory services	28.8	20.3	0.5	3.5	5.6	6.0	6.5
Contractors	0.2	4.3	2.1	–	9.4	10.0	11.0
Inventory: Stationery and printing	0.7	0.4	0.4	0.3	0.4	0.7	0.7
Travel and subsistence	1.2	1.2	1.6	2.7	4.4	5.5	6.0
Operating expenditure	5.1	2.7	3.0	17.7	5.3	14.2	14.3
Venues and facilities	1.6	1.9	4.9	6.4	5.1	9.6	10.2
Financial transactions in assets and liabilities	20.8	–	25.9	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>10.0</b>	<b>0.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Non-profit institutions	–	10.0	–	–	–	–	–
Households	–	–	0.1	–	–	–	–
<b>Payments for capital assets</b>	<b>0.0</b>	<b>6.8</b>	<b>1.5</b>	<b>3.9</b>	<b>6.7</b>	<b>0.5</b>	<b>0.6</b>
Machinery and equipment	0.0	6.8	1.5	3.9	6.6	0.4	0.4
Software and other intangible assets	–	–	–	–	0.1	0.1	0.1
<b>Total</b>	<b>72.7</b>	<b>65.8</b>	<b>61.5</b>	<b>71.7</b>	<b>65.7</b>	<b>74.8</b>	<b>79.0</b>

## Expenditure trends

In the *Communication and Marketing* programme, expenditure decreased from R72.7 million to R61.5 million between 2005/06 and 2007/08, mainly due to lower expenditure on consultancy services and financial transactions in assets and liabilities. Over the medium term, expenditure is expected to rise from R71.7 million in 2008/09 to R79 million in 2011/12 at an average annual rate of 3.3 per cent. This is mainly due to inflation related increases in marketing costs, including publications and other media related costs.

In the *Brand Management* subprogramme, expenditure increased from R8 million to R17.3 million between 2006/07 and 2007/08 mainly due to increased marketing costs.

## Public entities and other agencies

### Companies and Intellectual Property Registration Office

#### Strategic overview: 2005/06 – 2011/12

The Companies and Intellectual Property Registration Office was established in 2002 as a trading entity of the Department of Trade and Industry with the mandate to register and administer cooperatives, companies, close corporations and intellectual property rights, including patents, trademarks, copyrights and designs.

Between 2005/06 and 2008/09, the number of new companies registered was consistently over 36 000 per year, with a peak of over 48 000 in 2005/06. Close corporations reflected the largest increase in registrations, with 135 438 new close corporations registered in 2004/05, and a record number of 251 996 in 2007/08.



A number of interventions improved service delivery to the businesses served by the office. These include the conceptualisation of e-CIPRO, which aims to provide an online service to clients, as well as the decentralisation of the office's services through third party partners.

The Companies and Intellectual Property Registration Office is gearing itself to implement new legislative changes, such as the revision of the Companies Act (1973), to establish and entrench good corporate governance and broad geographical access to the office's services.

### Selected performance and operations indicators

**Table 32.18 Companies and Intellectual Property Registration Office**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of companies registered each year	48 900	42 090	33 269	38 513	40 438	48 416	57 970
Number of close corporations registered each year	197 307	243 557	251 996	250 000	200 000	180 000	170 000
Number of cooperatives registered each year	2 829	6 765	3 140	3 297	3 462	3 289	3 345
Number of trademark applications processed each year	28 331	30 149	32 717	34 353	36 071	34 267	35 100
Number of patent applications processed each year	10 460	10 753	10 667	11 200	11 760	11 712	10 820
Number of design applications processed each year	1 817	2 065	2 321	2 437	2 559	2 431	2 330
Number of enterprises that paid annual returns each year	62 664	146 504	162 553	178 809	196 690	216 358	237 990

### Service delivery and spending focus

In 2007/08, the Companies and Intellectual Property Registration Office obtained an unqualified audit report from the auditor-general for the second consecutive year. It also obtained ISO 9001 accreditation. The office continued with the automation of most of its business processes and the electronic lodgement system.

The office also implemented annual returns for close corporations, and about 4 000 annual returns were lodged for public companies. More than 250 000 close corporations and 33 000 companies were registered, with a slower rate in the registration of cooperatives. The reason for the decline in cooperative registration figures could be the new requirements of the Cooperatives Act (2007).

The Companies and Intellectual Property Registration Office is still experiencing an increasing demand for its services, with 450 000 applications being filed for stakeholders' perusal.

The office conducted fraud awareness campaigns for staff and clients, and a people development strategy aiming to instil a high performance culture was adopted. A comprehensive enterprise wide risk register was compiled in 2008.

### Expenditure estimates

**Table 32.19 Companies and Intellectual Properties Property Registration Office: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>208.9</b>	<b>252.5</b>	<b>308.1</b>	<b>308.6</b>	<b>324.5</b>	<b>346.7</b>	<b>352.1</b>
Sale of goods and services other than capital assets	204.1	236.6	277.7	298.4	319.4	344.1	350.0
of which:							
Administration fees	204.1	236.6	277.7	298.4	319.4	344.1	350.0
Other non-tax revenue	4.7	16.0	30.3	10.2	5.2	2.6	2.1
<b>Transfers received</b>	<b>4.5</b>	<b>3.5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total revenue</b>	<b>213.4</b>	<b>256.0</b>	<b>308.1</b>	<b>308.6</b>	<b>324.5</b>	<b>346.7</b>	<b>352.1</b>

**Table 32.19 Companies and Intellectual Properties Property Registration Office: Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Expenses</b>							
<b>Current expense</b>	<b>125.3</b>	<b>133.7</b>	<b>181.6</b>	<b>278.0</b>	<b>315.8</b>	<b>351.2</b>	<b>337.7</b>
Compensation of employees	52.6	54.5	71.1	103.1	113.4	124.7	137.2
Goods and services	65.8	71.8	103.4	152.2	171.1	190.5	159.5
Depreciation	6.4	7.1	7.0	14.1	17.1	21.0	24.5
Interest, dividends and rent on land	0.5	0.2	0.1	8.6	14.3	15.0	16.5
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total expenses</b>	<b>125.3</b>	<b>133.7</b>	<b>181.6</b>	<b>278.0</b>	<b>315.8</b>	<b>351.2</b>	<b>337.7</b>
<b>Surplus / (Deficit)</b>	<b>88.1</b>	<b>122.4</b>	<b>126.4</b>	<b>30.5</b>	<b>8.7</b>	<b>(4.5)</b>	<b>14.4</b>
<b>Statement of financial position</b>							
Carrying value of assets	10.6	9.5	19.0	110.6	153.6	189.0	220.9
of which: Acquisition of assets	4.9	6.0	16.7	105.8	60.1	56.4	56.4
Inventory	1.3	1.0	0.7	0.7	0.7	0.7	0.7
Receivables and prepayments	0.9	1.8	5.4	1.8	0.4	0.6	0.8
Cash and cash equivalents	115.5	240.0	369.8	281.8	251.8	223.5	215.2
<b>Total assets</b>	<b>128.4</b>	<b>252.3</b>	<b>394.9</b>	<b>395.0</b>	<b>406.6</b>	<b>413.8</b>	<b>437.5</b>
Accumulated surplus/deficit	88.9	211.3	337.7	352.2	360.9	379.4	407.5
Borrowings	3.6	2.4	–	–	–	–	–
Trade and other payables	29.7	31.9	48.7	34.3	36.7	31.7	25.0
Provisions	6.1	6.7	8.5	8.5	9.0	2.7	5.0
<b>Total equity and liabilities</b>	<b>128.4</b>	<b>252.3</b>	<b>394.9</b>	<b>395.0</b>	<b>406.6</b>	<b>413.8</b>	<b>437.5</b>

### Expenditure trends

The Companies and Intellectual Property Registration Office raises its revenue through registration fees. As a self-funding entity, no transfers have been made to the office since 2006/07. Annual returns for close corporations were introduced in 2008/09.

The Companies and Intellectual Property Registration Office has experienced a significant increase in expenditure, from R125.3 million in 2005/06 to R278 million in 2007/08, due to retained earnings approved by National Treasury. The retained earnings have been earmarked for acquiring capital assets and funding identified projects and programmes for service delivery improvement. The decline in expenditure from R351.2 million in 2010/11 to R337.7 million in 2011/12 is due to the completion of the capital acquisition phase of the service delivery improvement projects.

### National Lotteries Board

#### Strategic overview: 2005/06 – 2011/12

The National Lotteries Board enforces and monitors the implementation of the national lottery, and the establishment of private lotteries and promotional competitions. The entity manages the National Lotteries Distribution Trust Fund, which distributes proceeds from its share of the lottery sales to worthy causes.

The board's budget is approved annually by the Minister of Trade and Industry, who takes into consideration available surpluses before approving funds to be drawn from the trust fund for operating expenses. The board's funding has been derived entirely from the trust fund. Interest revenue by the trust fund refers to interest earned on funds received from licence holders. These funds are invested until they are disbursed to worthy causes. Transfers and subsidies reflect payouts to charity, arts and culture, and sport organisations benefiting from the trust fund.

Objectives for the medium term include improving the regulation of the national lottery, increasing the capacity of the board, improving the trust fund's distributions, developing the stakeholder interface, assuming a greater grant making leadership role, improving legislation, and improving communications.

### Selected performance and operations indicators

**Table 32.20 National Lotteries Board**

Indicators	Activity/ objective/ programme/ project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Value of operator ticket sales each year	National Lottery Regulation	R3.64bn	R3.83bn	R2.04bn	R4.12bn	R3.75bn	R3.82bn	R3.82bn
Value of contribution to the National Lotteries Distribution Trust Fund each year	National Lottery Regulation	R1.24bn	R1.30bn	R690m	R1.40bn	R1.28bn	R1.30bn	R1.30bn
Value of trust fund grant commitments each year	National Lottery Distribution	R1.20bn	R760m	R860m	R1.40bn	R1.49bn	R1.51bn	R1.50bn
Actual cash disbursed each year	National Lottery Distribution	R1.02bn	R800m	R630m	R1.00bn	R1.40bn	R1.43bn	R1.45bn
Number of site visits to grant beneficiaries each year	National Lottery Distribution	400	35	50	350	1200	1200	1800
Number of visits to retailers each year	National Lottery Regulation	60	20	–	500	2500	2500	2500

### Service delivery and spending focus

Despite the initial setback in the awarding of the second lottery licence, the lottery is now fully operational. The distribution of proceeds from the lottery operator is also in line with past trends. Distributing agencies are fully operational, and site visits to beneficiaries are taking place in response to needs. The re-engineering exercise has been completed and staff capacity has been increased.

### Expenditure estimates

**Table 32.21 National Lotteries Board: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>1 541.3</b>	<b>1 649.2</b>	<b>1 316.1</b>	<b>1 981.1</b>	<b>1 840.3</b>	<b>1 870.6</b>	<b>1 876.7</b>
<i>Other non-tax revenue</i>	1 541.3	1 649.2	1 316.1	1 981.1	1 840.3	1 870.6	1 876.7
<b>Total revenue</b>	<b>1 541.3</b>	<b>1 649.2</b>	<b>1 316.1</b>	<b>1 981.1</b>	<b>1 840.3</b>	<b>1 870.6</b>	<b>1 876.7</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>20.9</b>	<b>29.8</b>	<b>52.6</b>	<b>72.1</b>	<b>87.3</b>	<b>92.8</b>	<b>97.0</b>
Compensation of employees	9.9	12.0	13.7	23.2	36.5	40.0	42.5
Goods and services	10.8	13.1	21.3	26.3	26.7	28.4	30.0
Depreciation	0.2	0.4	0.4	1.5	1.8	1.8	2.0
Interest, dividends and rent on land	–	4.3	17.2	21.0	22.3	22.6	22.5
<b>Transfers and subsidies</b>	<b>1 199.1</b>	<b>764.3</b>	<b>863.3</b>	<b>1 400.0</b>	<b>1 488.6</b>	<b>1 508.9</b>	<b>1 500.0</b>
<b>Total expenses</b>	<b>1 219.9</b>	<b>794.2</b>	<b>915.9</b>	<b>1 472.1</b>	<b>1 576.0</b>	<b>1 601.7</b>	<b>1 597.0</b>
<b>Surplus / (Deficit)</b>	<b>321.4</b>	<b>855.0</b>	<b>400.2</b>	<b>509.0</b>	<b>264.4</b>	<b>268.9</b>	<b>279.8</b>
<b>Statement of financial position</b>							
Carrying value of assets	0.9	0.7	5.2	6.0	5.6	4.4	3.0
<i>of which: Acquisition of assets</i>	0.6	0.1	4.9	2.4	1.4	0.6	0.6
Investments	2 587.4	3 338.1	3 706.0	4 541.5	4 822.9	5 056.6	5 275.1
Receivables and prepayments	35.9	112.7	67.9	35.0	35.0	37.5	37.5
Cash and cash equivalents	1 141.4	1 149.5	1 282.4	1 513.8	1 607.6	1 685.5	1 758.4
<b>Total assets</b>	<b>3 765.7</b>	<b>4 601.0</b>	<b>5 061.4</b>	<b>6 096.3</b>	<b>6 471.1</b>	<b>6 784.0</b>	<b>7 074.0</b>
Accumulated surplus/deficit	2 137.0	2 992.0	3 392.2	3 901.2	4 165.6	4 434.4	4 714.2
Trade and other payables	1 627.3	1 607.9	1 667.9	2 193.7	2 304.1	2 348.1	2 358.2
Provisions	1.3	1.2	1.4	1.4	1.4	1.5	1.5
<b>Total equity and liabilities</b>	<b>3 765.7</b>	<b>4 601.0</b>	<b>5 061.4</b>	<b>6 096.3</b>	<b>6 471.1</b>	<b>6 784.0</b>	<b>7 074.0</b>

### **Expenditure trends**

Proceeds from the lottery operator decreased significantly in 2007/2008 due to operational delays in the national lottery in the early part of the year as a result of the change in the national lottery operator contract. Transfers and subsidies were also lower for 2006/07 and 2007/08 because of the late establishment of the new distributing agencies. The substantial increase in current expenses in 2007/08 and 2008/09 is due to improved organisational capacity and the re-engineering of systems and procedures to improve overall service delivery.

## Additional tables

**Table 32.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	361.4	343.9	310.8	398.1	(2.9)	395.2	395.2
2. International Trade and Economic Development	140.7	140.7	133.5	148.8	2.6	151.3	151.3
3. Empowerment and Enterprise Development	1 769.2	1 808.0	1 472.1	1 220.9	(43.4)	1 177.5	1 177.5
4. Industrial Development	147.1	155.0	331.8	387.8	55.8	443.6	443.6
5. Consumer and Corporate Regulation	2 082.8	2 704.2	137.9	173.5	(0.3)	173.2	173.2
6. The Enterprise Organisation	260.1	258.5	2 563.1	2 402.3	14.3	2 416.6	2 366.6
7. Trade and Investment South Africa	84.3	69.2	284.5	297.4	0.4	297.8	297.8
8. Communications and Marketing	–	–	61.5	73.8	(2.1)	71.7	71.7
<b>Total</b>	<b>4 845.6</b>	<b>5 479.4</b>	<b>5 295.4</b>	<b>5 102.6</b>	<b>24.3</b>	<b>5 126.9</b>	<b>5 076.9</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>871.8</b>	<b>795.1</b>	<b>746.9</b>	<b>984.3</b>	<b>(14.5)</b>	<b>969.8</b>	<b>969.8</b>
Compensation of employees	323.5	310.7	327.5	375.4	36.6	412.0	412.0
Goods and services	548.4	484.3	393.6	608.9	(51.1)	557.8	557.8
Financial transactions in assets and liabilities	–	–	25.9	–	–	–	–
<b>Transfers and subsidies</b>	<b>3 956.2</b>	<b>4 652.7</b>	<b>4 524.3</b>	<b>4 103.1</b>	<b>21.7</b>	<b>4 124.8</b>	<b>4 074.8</b>
Provinces and municipalities	–	–	0.0	–	–	–	–
Departmental agencies and accounts	1 419.3	1 497.1	1 503.0	1 244.3	14.9	1 259.1	1 259.1
Universities and technikons	–	0.0	–	–	10.5	10.5	10.5
Public corporations and private enterprises	2 512.5	3 123.6	2 984.2	2 831.9	(16.8)	2 815.2	2 765.2
Foreign governments and international organisations	22.0	26.1	30.6	23.2	5.6	28.8	28.8
Non-profit institutions	2.4	5.0	5.0	2.5	3.6	6.1	6.1
Households	–	0.9	1.6	1.2	3.9	5.1	5.1
<b>Payments for capital assets</b>	<b>17.6</b>	<b>31.7</b>	<b>24.1</b>	<b>15.2</b>	<b>17.1</b>	<b>32.3</b>	<b>32.3</b>
Buildings and other fixed structures	–	4.5	–	–	–	–	–
Machinery and equipment	15.7	24.1	20.5	13.2	12.9	26.1	26.1
Software and intangible assets	1.9	3.0	3.6	2.0	4.3	6.2	6.2
<b>Total</b>	<b>4 845.6</b>	<b>5 479.4</b>	<b>5 295.4</b>	<b>5 102.6</b>	<b>24.3</b>	<b>5 126.9</b>	<b>5 076.9</b>

**Table 32.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	228.4	277.1	320.7	404.9	443.0	468.5	478.4
Unit cost (R million)	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Personnel numbers (head count)	1 098	1 182	1 193	1 193	1 395	1 395	1 395
<b>Part time and temporary contract employees</b>							
Compensation (R million)	–	4.6	4.9	5.1	5.4	5.5	5.5
Unit cost (R million)	–	0.0	0.0	0.0	0.0	0.0	0.0
Personnel numbers (head count)	–	108	180	180	125	130	130
<b>Interns</b>							
Compensation of interns (R million)	2.1	1.8	1.9	2.0	2.1	2.2	2.2
Unit cost (R million)	0.1	0.1	0.1	0.1	0.1	0.0	0.0
Number of interns	39	34	25	38	40	50	50
<b>Total for department</b>							
Compensation (R million)	230.6	283.6	327.5	412.0	450.5	476.2	486.1
Unit cost (R million)	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Personnel numbers (head count)	1 137	1 324	1 398	1 411	1 560	1 575	1 575

**Table 32.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	230.6	283.6	327.5	412.0	450.5	476.2	486.1
Training expenditure (R million)	12.2	3.2	1.0	2.5	9.3	8.0	9.5
Training as percentage of compensation	5.3%	1.1%	0.3%	0.6%	2.1%	1.7%	2.0%
Total number trained in department (head count)	790	450	545	–			
<i>of which:</i>							
Employees receiving bursaries (head count)	117	74	105	–			
Learnerships trained (head count)	–	15	20	–			
Households receiving bursaries (R million)	–	0.3	0.8	1.2	1.4	1.5	1.6
Households receiving bursaries (head count)	–	5	13	–			

**Table 32.D Summary of conditional grants to provinces and municipalities**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
<b>Conditional grants to provinces</b>							
Industrial development zones grant	–	58.2	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>58.2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Table 32.E Summary of departmental public private partnership projects**

Project description: Department of Trade and Industry campus project		Project annual unitary fee at time of contract	Budgeted expenditure 2008/09	Medium-term expenditure estimate		
R million				2009/10	2010/11	2011/12
<b>Projects signed in terms of Treasury Regulation 16</b>		<b>99.5</b>	<b>138.0</b>	<b>152.9</b>	<b>162.8</b>	<b>169.5</b>
PPP unitary charge		99.5	135.6	148.2	159.6	166.8
Advisory fees		–	2.4	4.5	3.0	2.5
Project monitoring cost		–	–	0.2	0.2	0.2
<b>Total</b>		<b>99.5</b>	<b>138.0</b>	<b>152.9</b>	<b>162.8</b>	<b>169.5</b>

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	Department of Trade and Industry campus
Brief description	Department of Trade and Industry campus, Meintjie Street, Pretoria. Design, construct and facility management services over 25 years
Date public private partnership agreement was signed	1 August 2003
Duration of public private partnership agreement	25 years
Escalation index for unitary fee	CPIX linked - July every year on anniversary
Variations / amendments to public private partnership agreement	Variation orders as per allowed schedules - but no formal amendment to date was signed on the public private partnership agreement
Cost implications of variations/amendments	Costed per each variation order. Strategic pace strategy will inform, over the medium term, the quantum of variation orders to be executed
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	The outstanding debt amount as per financial model

**Table 32.F Summary of departmental public private partnership projects**

Project description: National fleet project		Project annual unitary fee at time of contract	Budgeted expenditure  2008/09	Medium-term expenditure estimate		
R million				2009/10	2010/11	2011/12
<b>Projects signed in terms of Treasury Regulation 16</b>		–	3.4	3.8	4.2	4.6
PPP unitary charge <sup>1</sup>		–	3.4	3.8	4.2	4.6
<b>Total</b>		–	3.4	3.8	4.2	4.6

1. Phavis fleet services PPP. Disclosure notes for this project can be viewed in the PPP annexure table of the Department of Transport.

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	Phavis fleet services
Brief description	Disclosure notes for this project can be viewed in the public private partnership table of the Department of Transport



Table 32. G Summary of expenditure on infrastructure

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)	Bulk infra-and top structures (providing roads, electricity, water, sewerage, and railroads, and bridges)	Increased investment base and promoting foreign direct investment. Value added manufacturing, investment, increased exports and job creation. Providing infra- and top structures to investors	Basic infrastructure and some of the top structures for Zone 1 completed	9 502.5	58.9	249.8	726.0	718.4	859.9	495.0	524.7
	East London industrial development zone	Bulk infra-and top structures (provisioning of roads, electricity, water, sewerage, and railroads, and bridges)	Increased investment base and promoting foreign direct investment. Value added manufacturing, investment, increased exports and job creation. Providing infra- and top structures to investors	Basic infrastructure and some of the top structures for Zone 1 completed	1 916.2	17.7	130.0	124.9	154.0	249.4	–
Critical infrastructure	Bulk Infrastructure	Infrastructure projects in support of a particular investment in the areas of mining, tourism, manufacturing, and the services industry. The expected outcomes are mainly contribution to economic growth, job creation, SMMEs, and BEE	Operational since 2001	1 819.7	24.9	88.2	60.2	75.1	105.6	115.7	118.5
Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)	Bulk infra- and top structures	Increased investment base and promoting foreign direct investment. Value added manufacturing, investment, increased exports and job creation. Providing infra- and top structures to investors	Increased investment base and promoting foreign direct investment. Value added manufacturing, investment, increased exports and job creation. Providing infra- and top structures to investors	721.7	–	34.8	–	0.0	68.4	–	–
Small projects or programmes (costing less than R50 million per annum)											
Centurion Aerospace Village	Building Centurion Aerospace Village	Establishment of aero-mechanical manufacturing abilities. Establishment of an aerospace supplier park. Situation of Aerosud and Denel in aerospace village.	Implementation phase	260.0	–	–	–	20.0	–	–	–
Total				14 220.0	101.5	502.8	911.0	967.6	1 283.3	610.7	643.2

Table 32.H Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand <b>Foreign In cash</b>												
European Union	Sector wide enterprise employment and equity programme	Empowerment and Enterprise Development	450 000	Public corporations and private enterprises	Training and mentoring in export, entrepreneurship and other related fields. More than 36 projects funded since 2005	102 959	-	100 417	160 000	-	-	-
European Union	Risk capital facility programme	Empowerment and Enterprise Development	450 000	Public corporations and private enterprises	Facilitation of BEE in the small and medium size enterprises sector. 52 jobs created since 2008. 2 investments to the value of R47.5 million created	-	185 000	-	135 000	130 000	-	-
Finland	SMME development programme	Empowerment and Enterprise Development	26 124	Departmental agencies and accounts	Technical support for small enterprises development	-	16 062	10 062	-	-	-	-
Sweden	Economic development support	Empowerment and Enterprise Development	30 000	Departmental agencies and accounts	Business linkages training and skills development for BEE, women empowerment and trainee programmes	-	-	19 432	10 568	-	-	-
<b>In kind</b>												
United States Agency for International Development	Economic growth support	Empowerment and Enterprise Development	96 139	Goods and services	Technical support on regulatory policy, research and legislative review process on financial and private sector competitiveness and agriculture	-	-	54 139	42 000	-	-	-
<b>Total</b>			<b>1 052 263</b>			<b>102 959</b>	<b>201 062</b>	<b>184 050</b>	<b>347 568</b>	<b>130 000</b>	<b>-</b>	<b>-</b>



# Vote 33

## Transport

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	231.0	220.9	8.5	1.6	230.8	235.3
Transport Policy and Economic Regulation	51.6	51.1	–	0.5	52.1	54.8
Transport Regulation and Accident and Incident Investigation	195.6	183.4	11.5	0.6	208.0	224.2
Integrated Planning and Inter-sphere Coordination	8 855.4	116.1	8 738.7	0.6	11 908.3	13 444.0
Transport Logistics and Corridor Development	31.8	31.8	–	0.1	39.0	40.3
Public Transport	14 191.7	164.6	14 027.0	0.1	12 953.4	13 829.4
Public Entity Oversight and Border Operations and Control	177.7	26.4	151.1	0.2	88.8	93.0
<b>Total expenditure estimates</b>	<b>23 734.8</b>	<b>794.4</b>	<b>22 936.8</b>	<b>3.7</b>	<b>25 480.3</b>	<b>27 920.9</b>
Executive authority	Minister of Transport					
Accounting officer	Director-General of Transport					
Website address	www.transport.gov.za					

### Aim

*The aim of the Department of Transport is to lead the provision of an integrated, sustainable, reliable and safe transport system, through safety and economic regulation, planning, development, coordination, promotion and the implementation of transport policies and strategies.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Coordinate and provide an effective, efficient strategic support and administrative service to the Minister, Director-General and department.

#### Programme 2: Transport Policy and Economic Regulation

**Purpose:** Develop integrated transport policies and appropriate legislation, ensure regulatory efficiency and manage research and development.

#### Programme 3: Transport Regulation and Accident and Incident Investigation

**Purpose:** Create an enabling regulatory environment in the areas of safety, security and environmental compliance, and manage accident and incident investigations in all modes of transport.

#### Programme 4: Integrated Planning and Inter-sphere Coordination

**Purpose:** Manage integrated planning and facilitate inter-sphere coordination for transport infrastructure and operations.

#### Programme 5: Transport Logistics and Corridor Development

**Purpose:** Manage the implementation of the transport logistics strategy using intelligent information to promote the development of freight corridors and ensure efficient operations and regional integration.

## **Programme 6: Public Transport**

**Purpose:** Develop practices and norms that will increase access to appropriate and quality public transport that meets the socioeconomic needs of both rural and urban passengers.

## **Programme 7: Public Entity Oversight and Border Operations and Control**

**Purpose:** Develop appropriate mandates and monitoring and evaluation mechanisms to oversee public entities and border operations and control.

## **Strategic overview: 2005/06 – 2011/12**

The Department of Transport plays a pivotal role in optimising the contribution of transport to the economic and social development goals of the country by providing fully integrated transport operations and infrastructure.

### **Strategic objectives over the medium term**

In support of these goals, over the medium term, the department will prioritise the following strategic objectives: improve access to affordable public transport; streamline the freight logistics network along key corridors by promoting infrastructure investment and improved operational efficiency; develop the regulatory system and capacity required to ensure that operators in the transport sector meet the required safety and security standards; reduce road accident fatalities; optimise resources and promote efficiencies within the transport sector; ensure a balance between the role of rail and road both for passengers and freight; promote the role of ports in international trade and economic development, thus reducing the carbon footprint of the transport sector.

### **Key focus areas**

#### *The public transport strategy*

Approved by Cabinet in 2007, the public transport strategy calls for the development of integrated public transport networks to increase transport efficiencies generally and make improvements to existing services. The strategy highlights the need for a decisive and phased shift from the current operator controlled, route based system to integrated rapid transport networks, supported by scheduled feeder and distribution services. Implementing the taxi recapitalisation project and the national passenger rail plan, and transforming and optimising current bus subsidised services, are key to achieving this new model of transport. The public transport operations grant has been created to clarify intergovernmental responsibilities towards public transport operational support.

In support of the public transport strategy, in 2008, the department tabled the National Land Transport Bill in Parliament. The aim of the bill is to ensure intergovernmental functional alignment between the planning, regulation and management functions of public transport road and rail services.

#### *Streamlining freight transport*

To facilitate greater efficiencies and reduced costs for freight transport, the department is updating the freight logistics database. A key area of focus is the Durban-Gauteng corridor, which will enhance the cost-efficient movement of consumer and export goods between Gauteng and KwaZulu-Natal.

#### *Reducing road fatalities*

The department continues to focus its efforts on reducing road fatalities by 50 per cent by 2014, and expects the already improving trend to continue over the medium term. The national road safety strategy of 2006 was reviewed in November 2008 in preparation for the 2015 road safety strategy. The overarching objective of the strategy is to coordinate diverse interventions to reduce road accidents, through intensified and integrated law enforcement, road safety education and communication programmes.

*The Road Accident Fund*

The Road Accident Fund Amendment Act (2005) was promulgated with effect from August 2008. The department developed a draft no-fault based framework, in preparation of the necessary legislative changes and alignment to the comprehensive social security framework.

*Road infrastructure strategic framework*

The implementation of the road infrastructure strategic framework and its action plan will be intensified over the medium term to assess, prioritise and reclassify the road network, transfer roads to the South African National Roads Agency, and roll out the programme for labour intensive road construction and maintenance in partnership with the Department of Public Works.

*Long distance passenger services*

The Legal Succession to the South African Transport Services Amendment Act (2008) provides for the incorporation of Autopax and Shosholoza Meyl into the South African Rail Commuter Corporation and the creation of a new company called the Passenger Rail Agency of South Africa. The new structure will allow for integrated long distance and rural passenger services.

*Air and sea transport*

The draft maritime policy, which provides a framework for maritime regulation and ship registration legislation, has been approved for consultation. The Civil Aviation Bill (2008) was submitted to Parliament to ensure compliance with the International Civil Aviation Organisation and the Federal Aviation Authority safety standards.

## Selected performance and operations indicators

**Table 33.1 Transport**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Total number of integrated rapid public transport networks and operational plans developed in metros and large cities	Public Transport	0	0	0	5	9	12	12
Number of taxis scrapped each year	Public Transport	–	2 000	11 400	9 180	11 901	8 807	7 858
Number of fatal road accidents each year	Transport Regulation and Accident and Incident Investigation	11 826	12 577	11 653	10 488	9 439	8 495	7 646
Number of credit card format driving licences manufactured and delivered each year	Transport Regulation and Accident and Incident Investigation	1.5 million	1.6 million	1.6 million	1.6 million	1.7 million	1.8 million	1.9 million
Number of bicycles procured and distributed each year	Integrated Planning and Inter-sphere Coordination	9 100	10 690	5 980	21 600	12 338	12 331	12 305
Total number of districts with improved rural transport in 15 integrated sustainable rural development nodes	Integrated Planning and Inter-sphere Coordination	–	3	6	10	11	13	15

## Expenditure estimates

Table 33.2 Transport

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	115.1	156.0	182.3	245.2	236.7	231.0	230.8	235.3
2. Transport Policy and Economic Regulation	33.3	19.1	17.6	47.2	24.4	51.6	52.1	54.8
3. Transport Regulation and Accident and Incident Investigation	207.7	187.6	209.6	432.6	428.6	195.6	208.0	224.2
4. Integrated Planning and Inter-sphere Coordination	2 038.7	3 103.5	5 226.2	8 767.0	8 460.0	8 855.4	11 908.3	13 444.0
5. Transport Logistics and Corridor Development	7.7	17.9	13.0	35.1	25.5	31.8	39.0	40.3
6. Public Transport	5 186.5	9 745.2	10 516.6	12 277.2	12 281.7	14 191.7	12 953.4	13 829.4
7. Public Entity Oversight and Border Operations and Control	2 820.9	131.1	166.4	2 688.6	2 685.5	177.7	88.8	93.0
<b>Total</b>	<b>10 409.9</b>	<b>13 360.4</b>	<b>16 331.6</b>	<b>24 492.8</b>	<b>24 142.3</b>	<b>23 734.8</b>	<b>25 480.3</b>	<b>27 920.9</b>
Change to 2008 Budget estimate				3 984.3	3 633.8	1 322.9	1 749.9	3 123.6

### Economic classification

<b>Current payments</b>	<b>412.7</b>	<b>558.9</b>	<b>580.1</b>	<b>1 044.4</b>	<b>985.0</b>	<b>794.4</b>	<b>775.5</b>	<b>815.7</b>
Compensation of employees	96.9	111.2	131.3	230.2	186.0	212.8	208.9	221.3
Goods and services	314.5	447.7	441.7	814.2	798.9	581.6	566.6	594.4
<i>of which:</i>								
<i>Administrative fees</i>	0.6	0.3	1.4	1.5	1.5	2.0	2.1	2.1
<i>Advertising</i>	7.7	35.9	19.7	22.4	22.4	31.9	31.5	32.0
<i>Assets less than R5 000</i>	0.7	2.1	1.5	2.9	2.9	3.7	3.7	3.8
<i>Audit costs: External</i>	3.3	3.5	4.6	3.3	3.3	5.8	5.9	5.9
<i>Bursaries (employees)</i>	0.3	0.4	0.4	0.3	0.3	0.6	0.6	0.6
<i>Catering: Departmental activities</i>	0.9	1.1	0.8	1.2	1.2	1.4	1.4	1.4
<i>Communication</i>	5.1	5.4	7.1	6.8	4.8	10.5	10.7	10.7
<i>Computer services</i>	5.0	4.7	7.6	8.2	6.2	9.7	9.8	10.2
<i>Consultants and professional services:</i>	187.7	300.3	339.5	692.8	690.6	415.2	400.0	424.2
<i>Business and advisory service</i>								
<i>Consultants and professional services: Legal costs</i>	1.5	0.8	1.7	1.3	1.3	2.2	2.2	2.2
<i>Contractors</i>	8.2	8.8	–	–	–	–	–	–
<i>Agency and support / outsourced services</i>	38.0	32.7	–	–	–	–	–	–
<i>Inventory: Other consumables</i>	0.2	0.8	0.6	0.5	0.5	0.8	0.8	0.8
<i>Inventory: Stationery and printing</i>	6.8	5.3	5.8	9.6	9.6	13.4	13.4	13.8
<i>Lease payments</i>	2.7	13.7	14.2	11.8	7.8	20.1	20.3	20.3
<i>Owned and leasehold property expenditure</i>	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0
<i>Transport provided: Departmental activities</i>	–	–	4.1	4.5	4.5	6.5	6.6	6.7
<i>Travel and subsistence</i>	28.8	22.4	26.8	40.6	35.6	48.0	48.1	49.9
<i>Training and development</i>	1.8	2.0	3.1	2.3	2.3	4.0	4.1	4.0
<i>Operating expenditure</i>	2.4	3.5	0.9	1.0	1.0	1.5	1.5	1.5
<i>Venues and facilities</i>	11.8	3.0	1.3	2.8	2.8	3.7	3.6	3.7
Financial transactions in assets and liabilities	1.4	0.1	7.1	–	0.0	–	–	–
<b>Transfers and subsidies</b>	<b>9 973.5</b>	<b>12 764.0</b>	<b>15 748.3</b>	<b>23 445.0</b>	<b>23 151.3</b>	<b>22 936.8</b>	<b>24 663.3</b>	<b>27 048.7</b>
Provinces and municipalities	242.0	3 759.1	4 203.4	7 519.2	7 219.2	8 837.0	8 514.9	9 313.3
Departmental agencies and accounts	4 567.7	2 459.5	3 688.9	6 828.5	6 834.5	5 958.1	7 032.3	8 199.9
Universities and technikons	6.7	10.1	9.2	7.8	7.8	8.2	8.7	9.2
Public corporations and private enterprises	5 142.4	6 420.2	7 267.2	8 611.4	8 611.4	7 482.4	8 588.2	9 032.0
Foreign governments and international organisations	2.8	2.8	3.6	4.9	4.9	5.1	5.4	5.7
Non-profit institutions	11.3	12.2	3.8	14.1	14.1	15.1	16.0	17.0
Households	0.5	100.0	572.2	459.1	459.5	630.9	497.7	471.6
<b>Payments for capital assets</b>	<b>23.7</b>	<b>37.5</b>	<b>3.2</b>	<b>3.5</b>	<b>6.0</b>	<b>3.7</b>	<b>41.6</b>	<b>56.5</b>
Buildings and other fixed structures	10.3	–	–	–	–	–	37.7	52.4
Machinery and equipment	13.4	37.5	3.2	3.5	6.0	3.7	3.9	4.1
<b>Total</b>	<b>10 409.9</b>	<b>13 360.4</b>	<b>16 331.6</b>	<b>24 492.8</b>	<b>24 142.3</b>	<b>23 734.8</b>	<b>25 480.3</b>	<b>27 920.9</b>



## Expenditure trends

Departmental expenditure increased from R10.4 billion in 2005/06 to R24.1 billion in 2008/09, at an average annual rate of 32.4 per cent. This growth was mainly driven by the introduction of the public transport infrastructure and systems grant and the Gautrain rapid rail link grant, once-off transfers to the Road Accident Fund of R2.7 billion in 2005/06 and R2.5 billion in 2008/09, and increased allocations for passenger rail infrastructure. In addition, infrastructure spending increased as a result of the maintenance and upgrading of the national road network, from R1.8 billion in 2005/06 to R4.2 billion in 2008/09, at an average annual rate of 33.4 per cent. In 2008/09, disaster management funding was allocated to KwaZulu-Natal and Western Cape for roads, bridges and stormwater damage caused by floods.

These once-off allocations and extraordinary transfers to the Road Accident Fund, the disaster management grants, and the introduction and phasing out of the grant for the Gautrain rapid rail link in 2011/12 distort the trends in expenditure growth, reflecting an average annual increase of only 4.5 per cent over the MTEF period. Expenditure excluding these transfers, is expected to increase by 16.7 per cent from 2008/09 to 2011/12.

Allocations to the South African National Roads Agency continue over the medium term at an average annual growth rate of 24.9 per cent, as do investments in public transport infrastructure and rail infrastructure at an average annual growth rate of 17.5 per cent and 17.1 per cent respectively.

Additional allocations over the medium term include:

- R100 million in 2010/11 and R800 million in 2011/12 to the South African National Roads Agency for road maintenance and infrastructure
- R200 million, R212 million and R224.7 million for the public transport operations grant towards bus subsidies
- R100 million in 2010/11 and R500 million in 2011/12 to the South African Rail Commuter Corporation for passenger rail infrastructure
- R225 million in 2009/10 for the Gautrain rapid rail link
- R200 million, R100 million and R50 million for the scrapping of old taxi vehicles
- R13 million over the MTEF period for the Railway Safety Regulator to strengthen its regulatory function.

Inflationary adjustments for the South African National Roads Agency, the South African Rail Commuter Corporation, the public transport operations grant, the public transport infrastructure grant and the Gautrain rapid rail link grant amount to R4 billion over the MTEF period. Over the same period, additional allocations of R21.3 million and R10 million are made for compensation of employees and payments for capital assets respectively.

Efficiency savings of R557.1 million have been identified over the MTEF period. Expenditure in goods and services comprises 24.3 per cent of savings, while the remaining 75.7 per cent relates to savings in transfers to the following entities: the Independent Ports Regulator, the Road Traffic Management Corporation, the South African Civil Aviation Authority, the South African Maritime Safety Authority, the South African National Roads Agency and the South African Rail Commuter Corporation.

## Departmental receipts

Departmental receipts are mainly derived from dividends received from the Airports Company of South Africa, and share revenue from salvage tugs that provide oil pollution prevention services. The department received dividends of R100.7 million from the Airports Company of South Africa in 2007/08. No dividends have been declared for 2008/09.

In 2008/09, the department received R140.9 million in the form of transaction fees from the driving licence testing centres for maintenance of the electronic national traffic information system.

**Table 33.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>235 673</b>	<b>330 424</b>	<b>362 450</b>	<b>186 528</b>	<b>153 654</b>	<b>122 076</b>	<b>127 797</b>	<b>137 425</b>
Sales of goods and services produced by department	12 370	9 662	9 906	10 688	12 342	11 303	11 982	12 580
Sales of scrap, waste, arms and other used current goods	1	—	—	—	—	—	—	—
Fines, penalties and forfeits	36	46	16	—	—	—	—	—
Interest, dividends and rent on land	221 763	231 617	109 069	150 340	405	110 400	115 420	124 430
Sales of capital assets	87	—	—	—	—	—	—	—
Financial transactions in assets and liabilities	1 416	89 099	243 459	25 500	140 907	373	395	415
<b>Extraordinary receipts</b>	<b>—</b>	<b>667 661</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Special restructuring proceeds from ACSA	—	667 661	—	—	—	—	—	—
<b>Total</b>	<b>235 673</b>	<b>998 085</b>	<b>362 450</b>	<b>186 528</b>	<b>153 654</b>	<b>122 076</b>	<b>127 797</b>	<b>137 425</b>

## Programme 1: Administration

**Table 33.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	1.3	1.1	1.0	1.7	1.8	1.9
Management	43.6	72.3	81.6	88.0	94.8	91.3	94.5
Corporate Services	59.3	70.8	87.2	141.9	119.7	121.3	121.5
Property Management	11.4	11.7	12.4	14.2	14.9	16.4	17.4
<b>Total</b>	<b>115.1</b>	<b>156.0</b>	<b>182.3</b>	<b>245.2</b>	<b>231.0</b>	<b>230.8</b>	<b>235.3</b>
Change to 2008 Budget estimate				60.3	(8.0)	(6.5)	(12.9)

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

### Economic classification

<b>Current payments</b>	<b>106.2</b>	<b>144.4</b>	<b>170.6</b>	<b>235.5</b>	<b>220.9</b>	<b>220.0</b>	<b>223.9</b>
Compensation of employees	37.7	46.6	55.7	94.0	83.5	80.9	85.7
Goods and services	68.1	97.9	113.6	141.5	137.4	139.1	138.2
of which:							
Administrative fees	0.2	0.1	0.9	0.7	1.2	1.2	1.2
Advertising	4.9	26.4	16.1	11.8	20.5	20.7	20.6
Assets less than R5 000	0.1	0.9	0.4	0.3	0.5	0.5	0.5
Audit costs: External	3.3	3.5	4.6	3.3	5.8	5.9	5.9
Bursaries (employees)	0.3	0.4	0.4	0.3	0.6	0.6	0.6
Catering: Departmental activities	0.3	0.9	0.4	0.3	0.5	0.5	0.5
Communication	3.6	4.3	6.2	4.5	7.9	8.0	7.9
Computer services	1.4	2.2	2.9	2.1	3.7	3.7	3.7
Consultants and professional services:	30.6	22.2	44.8	91.2	49.8	50.4	50.1
Business and advisory service							
Consultants and professional services:	0.3	0.8	1.7	1.2	2.1	2.2	2.2
Legal costs							
Contractors	4.4	6.2	—	—	—	—	—
Agency and support / outsourced services	1.1	0.2	—	—	—	—	—
Inventory: Other consumables	0.2	0.7	0.5	0.4	0.7	0.7	0.7
Inventory: Stationery and printing	1.8	2.3	2.7	2.0	3.4	3.4	3.4
Lease payments	1.2	12.9	13.5	9.9	17.2	17.4	17.3
Transport provided: Departmental activities	—	—	3.1	2.2	3.9	3.9	3.9
Travel and subsistence	10.8	8.5	10.7	7.8	13.6	13.8	13.7
Training and development	1.7	1.8	3.1	2.3	4.0	4.1	4.0
Operating expenditure	0.7	2.0	0.7	0.5	0.9	0.9	0.9
Venues and facilities	0.5	0.9	0.6	0.5	0.8	0.8	0.8
Financial transactions in assets and liabilities	0.4	0.0	1.3	—	—	—	—

Table 33.4 Administration (continued)

R million	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>7.2</b>	<b>10.6</b>	<b>9.6</b>	<b>8.1</b>	<b>8.5</b>	<b>9.0</b>	<b>9.5</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Universities and technikons	6.7	10.1	9.2	7.8	8.2	8.7	9.2
Households	0.3	0.4	0.3	0.1	0.1	0.1	0.1
<b>Payments for capital assets</b>	<b>1.7</b>	<b>1.0</b>	<b>2.1</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>	<b>1.8</b>
Machinery and equipment	1.7	1.0	2.1	1.5	1.6	1.7	1.8
<b>Total</b>	<b>115.1</b>	<b>156.0</b>	<b>182.3</b>	<b>245.2</b>	<b>231.0</b>	<b>230.8</b>	<b>235.3</b>

## Details of selected transfers and subsidies

<b>Universities and technikons</b>							
<b>Current</b>	<b>6.7</b>	<b>10.1</b>	<b>9.2</b>	<b>7.8</b>	<b>8.2</b>	<b>8.7</b>	<b>9.2</b>
Universities of Pretoria, KwaZulu-Natal and Stellenbosch	6.7	10.1	9.2	7.8	8.2	8.7	9.2

## Expenditure trends

Expenditure grew at an average annual rate of 28.7 per cent between 2005/06 and 2008/09, increasing from R156 million in 2006/07 to R182.3 million in 2007/08 due to the reprioritisation of funds from other programmes to cater for October Transport Month, World Remembrance Day, Arrive Alive campaigns and national land transport infrastructure system maintenance. Expenditure in goods and services increased by 16.1 per cent from R97.9 million in 2006/07 to R113.6 million in 2007/08, mainly due to payments made to organisers of these events.

Expenditure increased to R245.2 million in 2008/09 due to the reprioritisation of funds amounting to R51.4 million for communication campaigns, the development of information systems, security, recruitment campaigns and capacity development within the transport sector. An amount of R5 million was rolled over to fund commitments relating to the Arrive Alive campaign, and an additional R18.3 million was allocated to fund increases in compensation of employees. Over the MTEF period, expenditure decreases at an average annual rate of 1.4 per cent due to these shifts, additions and rollovers in 2008/09.

## Programme 2: Transport Policy and Economic Regulation

- *Transport Policy Analysis* ensures that transport policy is developed, analysed and implemented, and monitors the impact and performance of the transport system.
- *Transport Economic Analysis* collates and analyses critical supply and demand data for all modes of transport, and provides economic data for the department's priority areas.
- *Legislation* collates and converts information from policies into legislation.
- *Research and Development* promotes innovation and technology and the advancement of transport services and operations through research and knowledge management.
- *Economic Regulation* develops and refines regulatory strategies on competition, pricing and investment to improve the overall performance of the transport system.
- *Administration Support*.

Funding in all subprogrammes is disbursed in accordance with supply chain management principles.

## Objectives and measures

- Monitor the impact and efficiency of the transport system by developing a performance indicator database by March 2011.
- Improve research and development in the transport sector by implementing the national innovative research and development programme and creating centres of excellence by November 2009.

## Service delivery and spending focus

The department focused on strengthening policy outcomes by developing specific policies for maritime transport, rail economic regulation and non-motorised transport, as well as preliminary policy work on scholar transport. The Integrated Transport Sector Broad Based Black Economic Empowerment Charter was launched in October 2008 and submitted to the Department of Trade and Industry for gazetting under the Broad Based Black Economic Empowerment Act (2003).

Research studies were commissioned on the reduction of transport costs, the socioeconomic impact of the 2010 FIFA World Cup, and the impact of transport subsidies on the economy. A transport performance indicators framework was approved by the minister in 2007. The first draft of the baseline study has been developed.

The following pieces of legislation have been drafted: the Cross-Border Amendment Act (2008), the Air Services Licensing Amendment Act (2008), the Legal Succession to the South African Transport Services Amendment Act (2008), the National Road Traffic Amendment Bill (2008), the National Land Transport Bill (2008), the Civil Aviation Bill (2008) and the National Railway Safety Regulator Amendment Bill (2008).

Over the MTEF period, the department aims to update the national household travel survey, review the National White Paper on Transport and various policy issues relating to non-motorised transport, rail infrastructure standards and emissions policy. The programme will also develop a framework for the creation of a single transport economic regulator.

## Expenditure estimates

**Table 33.5 Transport Policy and Economic Regulation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Transport Policy Analysis	6.6	3.7	5.6	7.7	8.1	8.1	8.6
Transport Economic Analysis	4.0	8.0	5.9	10.8	10.8	10.9	11.5
Legislation	3.8	1.2	1.6	3.5	3.6	3.6	3.9
Research and Development	4.4	4.5	2.9	8.5	8.1	8.2	8.7
Administration Support	14.4	1.6	1.6	6.7	6.1	6.3	6.6
Economic Regulation	–	0.2	–	9.9	14.8	15.0	15.5
<b>Total</b>	<b>33.3</b>	<b>19.1</b>	<b>17.6</b>	<b>47.2</b>	<b>51.6</b>	<b>52.1</b>	<b>54.8</b>
Change to 2008 Budget estimate				9.5	(0.6)	(0.6)	(5.7)

Table 33.5 Transport Policy and Economic Regulation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>32.6</b>	<b>18.8</b>	<b>17.3</b>	<b>46.8</b>	<b>51.1</b>	<b>51.6</b>	<b>54.2</b>
Compensation of employees	14.2	12.7	12.5	24.9	24.4	24.1	25.5
Goods and services	18.3	6.2	4.8	21.9	26.7	27.5	28.7
of which:							
Advertising	1.0	0.2	0.5	1.4	2.6	2.7	2.8
Communication	0.3	0.1	0.1	0.3	0.5	0.6	0.6
Computer services	0.9	0.2	0.2	0.5	0.9	0.9	1.0
Consultants and professional services: Business and advisory service	3.3	2.1	1.4	11.2	6.6	6.8	7.1
Contractors	1.1	0.2	–	–	–	–	–
Inventory: Stationery and printing	1.3	0.3	0.7	2.2	4.2	4.3	4.5
Lease payments	0.1	0.1	0.1	0.4	0.7	0.7	0.7
Transport provided: Departmental activities	–	–	0.1	0.4	0.7	0.7	0.8
Travel and subsistence	1.7	1.7	1.5	4.8	9.0	9.2	9.6
Venues and facilities	8.3	0.6	0.1	0.3	0.5	0.5	0.6
Financial transactions in assets and liabilities	0.0	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Households	0.0	0.1	0.2	–	–	–	–
<b>Payments for capital assets</b>	<b>0.6</b>	<b>0.1</b>	<b>0.1</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>
Machinery and equipment	0.6	0.1	0.1	0.4	0.5	0.5	0.6
<b>Total</b>	<b>33.3</b>	<b>19.1</b>	<b>17.6</b>	<b>47.2</b>	<b>51.6</b>	<b>52.1</b>	<b>54.8</b>

## Expenditure trends

Expenditure in the *Transport Policy and Economic Regulation* programme grew at an average annual rate of 12.4 per cent between 2005/06 and 2008/09 due to a restructuring exercise that entailed shifting the *Economic Regulation* subprogramme to the *Transport Policy and Economic Regulation* programme.

In 2005/06, expenditure in administration support was higher than the norm as a result of a R13.4 million rollover and the reprioritisation of savings from other programmes to fund goods and services expenditure for the air transport conference of the African Union hosted by South Africa in May 2005.

Expenditure within the programme decreased from R19.1 million in 2006/07 to R17.6 million in 2007/08, as less outsourcing was needed for policy development than initially anticipated. Low expenditure in 2006/07 and 2007/08 was also due to underspending, particularly in the goods and services budget. Underspending increased from 2005/06 to 2007/08 at 19.5 per cent, 31.5 per cent and 39.4 per cent respectively.

Expenditure over the medium term is expected to stabilise at an average annual rate of 5.1 per cent from R47.2 million in 2008/09 to R54.8 million in 2011/12. Expenditure growth from 2008/09 onwards is mainly due to the reprioritisation of funds for the development of the Rail Economic Regulator, and increased expenditure on consultants.

## Programme 3: Transport Regulations and Accident and Incident Investigation

- *Road Transport Regulation* enables, coordinates and promotes activities that include: the review and development of road transport legislation; the development of standards and guidelines; the management of safety information systems and programmes; the management of the national traffic information system legislation; and the oversight of the national driving licence and vehicle testing centres, as well as the transport of dangerous goods inspectorates.
- *Civil Aviation Regulation* facilitates the development of an economically viable air transport industry that is safe, secure, efficient, environmentally friendly and compliant with international standards. It creates an

enabling regulatory environment for promoting and developing domestic and international air transport for passengers and freight.

- *Maritime Regulation* facilitates the development of an economically viable maritime industry that is safe, secure, efficient, environmentally friendly and compliant with international standards. It creates an enabling environment for promoting and developing international and domestic maritime transport for passengers and freight and an oil pollution prevention service.
- *Rail Transport Regulation* develops, implements and maintains strategies and regulatory frameworks to ensure improved safety and efficiency in rail passenger and freight transport.
- *Accident and Incident Investigation* collects, maintains and analyses data, and distributes regular reports on accidents and incidents in all modes of transport. It further facilitates search and rescue services.
- *Administration Support*.

Funding for the maintenance and upgrading of the national traffic information system is allocated during the adjusted Budget based on transaction fees collected by registering authorities and vehicle licencing centres and surrendered to the National Revenue Fund. The Road Traffic Management Corporation monitors and reconciles these transactions.

Funding for goods and services in the regulation subprogrammes is allocated in accordance with supply chain management principles, while service level agreements guide the allocation of funds for search and rescue services in the *Accident and Incident Investigation* subprogramme.

## Objectives and measures

- Reduce road accident fatalities and serious injuries by 50 per cent in line with the millennium development goals by implementing the 2006 road safety strategy and managing the national traffic information system.
- Develop a safe, secure, and environmentally friendly aviation industry by developing regulations aimed at ensuring compliance with International Civil Aviation Organisation standards.
- Develop a safe, secure, environmentally friendly, and efficient maritime industry by developing regulations aimed at ensuring compliance with International Maritime Organisation mandatory instruments, and national legislation.

## Service delivery and spending focus

A ministerial task team was appointed in 2007 to ensure the integrity of the aviation safety oversight system. It managed to retain the Category 1 status for the Civil Aviation Authority, conferred by the United States Federal Aviation Authority, and exceed standards set by the International Civil Aviation Organisation. In line with the national airlift strategy, approved by Cabinet in 2006, there has been a substantial increase in air traffic frequency capacity, mainly to support the tourism industry. At the third India-Brazil-South Africa Dialogue Forum that took place in October 2008, a 5-year action plan on civil aviation was signed, aimed at greater cooperation in the sector.

In 2007 the department drafted legislation and regulations in support of the International Maritime Organisation's conventions on oil pollution preparedness, response and cooperation, and the control and management of ships' ballast water and sediments. The department is in the process of developing maritime transport security legislation. New port limits were published for public comment in November 2008.

The department has supported the drafting of the Railway Safety Regulator Amendment Act by the Railway Safety Regulator. Moreover, an updated safety permit schedule of fees for 2009/10 was published in December 2008.

The functionality of the national traffic information system has been improved with the introduction of a computerised learner licence test system, and the national contravention register, which is now operational in the Tshwane metropolitan municipality. Training has been provided to registering authorities, drivers licence testing centres and vehicle testing centres.

Over the MTEF period, the programme will continue its focus on improving maritime safety and security, supporting the airlift strategy to ensure greater capacity in meeting regional demand, improving monitoring of



compliance with dangerous goods regulations, and improving online capabilities of the electronic national traffic information system.

## Expenditure estimates

**Table 33.6 Transport Regulation and Accident and Incident Investigation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Road Transport Regulation	107.0	78.5	95.0	283.8	56.7	62.7	70.2
Civil Aviation Regulation	12.1	12.9	20.5	18.5	19.4	19.7	20.8
Maritime Regulation	52.3	60.4	56.0	72.9	67.1	70.5	74.7
Rail Transport Regulation	0.4	0.3	0.6	5.8	6.0	6.3	6.7
Accident and Incident Investigation	26.1	30.4	34.9	39.1	40.1	42.3	44.8
Administration Support	9.9	5.0	2.5	12.5	6.2	6.7	7.0
<b>Total</b>	<b>207.7</b>	<b>187.6</b>	<b>209.6</b>	<b>432.6</b>	<b>195.6</b>	<b>208.0</b>	<b>224.2</b>
Change to 2008 Budget estimate				176.7	(6.9)	(7.5)	(3.0)

### Economic classification

<b>Current payments</b>	<b>199.3</b>	<b>178.5</b>	<b>199.6</b>	<b>421.0</b>	<b>183.4</b>	<b>195.2</b>	<b>210.6</b>
Compensation of employees	21.5	22.6	26.6	39.8	35.1	34.9	37.0
Goods and services	176.8	155.9	169.2	381.2	148.4	160.3	173.6
of which:							
Administrative fees	0.2	0.2	0.2	0.3	0.2	0.2	0.2
Advertising	0.7	0.6	0.9	1.2	0.9	0.9	1.0
Assets less than R5 000	0.3	0.2	0.6	0.7	0.5	0.6	0.6
Communication	0.5	0.5	0.4	0.5	0.4	0.4	0.4
Computer services	2.6	2.3	3.1	3.8	2.8	3.1	3.3
Consultants and professional services: Business and advisory service	124.2	109.6	151.9	359.5	132.4	143.0	154.9
Contractors	1.0	0.9	—	—	—	—	—
Agency and support / outsourced services	35.8	31.6	—	—	—	—	—
Inventory: Stationery and printing	1.8	1.6	1.4	1.8	1.3	1.4	1.5
Lease payments	0.5	0.5	0.3	0.4	0.3	0.3	0.3
Transport provided: Departmental activities	—	—	0.5	0.6	0.4	0.5	0.5
Travel and subsistence	7.4	6.5	9.5	11.9	8.8	9.5	10.2
Venues and facilities	1.0	0.9	0.0	0.1	0.0	0.0	0.1
Financial transactions in assets and liabilities	1.0	0.0	3.8	—	—	—	—
<b>Transfers and subsidies</b>	<b>7.9</b>	<b>8.4</b>	<b>9.5</b>	<b>11.0</b>	<b>11.5</b>	<b>12.2</b>	<b>12.9</b>
Provinces and municipalities	0.1	0.0	—	—	—	—	—
Departmental agencies and accounts	4.3	4.6	4.8	5.0	5.2	5.5	5.9
Foreign governments and international organisations	2.8	2.8	3.6	4.9	5.1	5.4	5.7
Non-profit institutions	0.7	1.0	1.0	1.1	1.2	1.2	1.3
Households	0.1	0.0	0.1	—	—	—	—
<b>Payments for capital assets</b>	<b>0.4</b>	<b>0.6</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>
Machinery and equipment	0.4	0.6	0.5	0.6	0.6	0.7	0.7
<b>Total</b>	<b>207.7</b>	<b>187.6</b>	<b>209.6</b>	<b>432.6</b>	<b>195.6</b>	<b>208.0</b>	<b>224.2</b>

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>4.3</b>	<b>4.6</b>	<b>4.8</b>	<b>5.0</b>	<b>5.2</b>	<b>5.5</b>	<b>5.9</b>
South African Maritime Safety Authority - Maritime Rescue Coordination Centre	4.3	4.6	4.8	5.0	5.2	5.5	5.9
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>2.8</b>	<b>2.8</b>	<b>3.6</b>	<b>4.9</b>	<b>5.1</b>	<b>5.4</b>	<b>5.7</b>
Membership Fees: African Civil Aviation Commission	—	—	0.6	0.7	0.7	0.8	0.8
Membership Fees: Cospas Sarsat Contribution	0.2	0.3	0.3	0.3	0.3	0.4	0.4
Membership Fees: Indian Ocean Memorandum of Understanding	0.2	0.2	0.6	0.2	0.2	0.2	0.2
Membership Fees: International Civil Aviation Organisation	2.1	2.0	2.2	2.7	2.8	3.0	3.2
Membership Fees: International Maritime Organisation	0.3	0.4	0.0	1.0	1.0	1.1	1.1



## Expenditure trends

Expenditure in this programme grew at an average annual rate of 27.7 per cent, from R207.7 million in 2005/06 to R432.6 million in 2008/09, due to increased expenditure on consultants, contractors and special services, as well as the rollover of funds of R8.3 million for oil pollution prevention services in 2008/09. Part of the expenditure on consultants, contractors and special services included a self-financing amount of R165 million generated from the electronic national traffic information system transaction fees on vehicle registrations, aimed at further developing and maintaining the new national traffic information system.

Expenditure on the previous national traffic information system was significantly higher in 2005/06, due to the combined expenditure related to the maintenance of the old system and the development of the new system, resulting in the reprioritisation of R18 million in 2005/06 to fund the shortfall.

The increase of 49.3 per cent in compensation of employees from 2007/08 to 2008/09 was due to substantial capacity building in the restructured *Rail Transport Regulation* subprogramme.

Total expenditure is expected to decrease at an average annual rate of 19.7 per cent from 2008/09 to 2011/12. This contraction is due to lower allocations for current payments. Expenditure on goods and services is expected to decrease at an average annual rate of 23.1 per cent from R381.2 million in 2008/09 to R173.6 million in 2011/12, at an average annual rate of 7.1 per cent, excluding the self-financing amount of R165 million in 2008/09. The reason for the decrease is the reprioritisation of the previous budget for the maintenance of the electronic national traffic information system of R65.5 million per year over the medium term to priorities in other programmes.

Expenditure recorded under financial transactions in assets and liabilities in 2007/08 was due to the write-off of irregular expenditure that could not be recovered.

## Programme 4: Integrated Planning and Inter-sphere Coordination

- *Transport Planning* is responsible for: implementing the National Land Transport Transition Act (2000); providing planning support for and facilitating municipal and provincial transport plans; ensuring the restructuring of transport operations; and ensuring that transport plans are integrated across the three spheres of government. Support in the form of personnel is provided to municipalities based on memorandums of understanding with district municipalities.
- *Integrated Delivery Programme* supports key national programmes, such as the integrated sustainable rural development programme, the urban renewal programme, the rural transport programme, and the expanded public works programme. It is also responsible for establishing transport authorities and managing the Transport Appeal Tribunal. Funding for rural infrastructure is currently disbursed to district municipalities which have been identified as integrated sustainable rural development programme nodes.
- *Integrated Infrastructure and Network Development* reviews transport infrastructure plans, provides infrastructure planning support, develops frameworks and strategies for infrastructure development, implements support for infrastructure projects, coordinates and implements infrastructure provision, develop systems and processes for infrastructure management, and contributes to regional transport infrastructure development for all modes of transport. The subprogramme also oversees the South African National Roads Agency and funding for national non-toll roads is transferred to this entity. Funding for regional roads is transferred to provinces on the basis of international commitments through a conditional grant created for this purpose.
- *2010 Soccer World Cup Coordination* facilitates coordinated planning for transport infrastructure operations for the 2010 FIFA World Cup and beyond. This includes administering the public transport infrastructure and system grant to host cities. Allocations towards municipalities are project based and managed through memorandums of understanding.
- *Administration Support*

## Objectives and measures

- Ensure integrated transport planning and operations by providing technical, financial and regulatory support to municipalities and provinces through monitoring and evaluation of urban and rural transport plans, including the implementation of the 2010 FIFA World Cup action plan.
- Improve infrastructure planning and management by implementing the road infrastructure strategic framework for South Africa, aimed at improving the condition of the road network in accordance with the framework's action plan, by March 2010.

## Service delivery and spending focus

A number of reports were completed in 2008, including phase 1 status quo reports on the transport master plan, phase 2 reports on the estimation of travel demand, and land use reports. The provincial reports on the analysis of land use and transportation will be consolidated and released in 2009. The 3<sup>rd</sup> phase, which provides for the 2050 plan, will be finalised over the MTEF period.

A request for proposal on rural development mapping overlay on the geographic information system platform was completed and submitted to service providers in May 2008.

The National Land Transport Bill was tabled in Parliament in 2008. Minimum requirements for integrated transport planning have been developed in terms of the National Land Transport Transition Amendment Act (2000). These planning guidelines are formulated to assist municipalities and provinces in developing their respective plans. To capacitate municipalities, the department initiated a programme to locate transport planning coordinators at assistant director level within district municipalities.

The Gauteng Management Transport Authority was established by the province in terms of the relevant enabling provincial legislation.

As part of the implementation of the road infrastructure strategic framework, the following studies have been initiated: a direct impact of investment in key economic transport infrastructure, and the OR Tambo International Airport road transportation study. A pilot study on the Eastern Cape road network was concluded as a milestone within the reclassification of the road network project, and will be finalised over the medium term.

To achieve the objectives of the national overload control strategy, a 3-year grant has been developed in conjunction with National Treasury. Grant funds are currently being used for upgrading the weighbridge infrastructure facilities in Mpumalanga and Limpopo. In Mpumalanga, a project for the upgrade of weighbridge infrastructure was completed in October 2008. In Limpopo, the detailed design, planning and bill of quantities have been compiled, and construction works are set to begin in 2009/10.

Phase 1 A of the City of Johannesburg's Rea Vaya bus rapid transit system is currently under construction. It is expected to be operational by May 2009. The City of Cape Town has completed its detailed public transport operational plan, and is currently implementing phase 1A of its bus rapid transit system. Nelson Mandela Bay, Mbombela and eThekweni have developed integrated public transport plans in line with the public transport strategy.

A consolidated transport operations plan for 2010 was submitted to FIFA in June 2008, and options in terms of the business model will be finalised in the near future.

## Expenditure estimates

Table 33.7 Integrated Planning and Inter-sphere Coordination

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Transport Planning	6.4	7.4	13.7	28.3	27.0	27.4	29.0
Integrated Delivery Programme	5.9	14.0	12.1	49.4	54.8	57.4	60.8
Integrated Infrastructure and Network Development	1 783.2	2 380.4	3 402.8	5 176.3	5 649.4	7 022.7	8 193.5
2010 Soccer World Cup Coordination	241.7	699.3	1 795.7	3 503.2	3 116.7	4 793.1	5 152.6
Administration Support	1.6	2.4	1.9	9.6	7.5	7.7	8.2
<b>Total</b>	<b>2 038.7</b>	<b>3 103.5</b>	<b>5 226.2</b>	<b>8 767.0</b>	<b>8 855.4</b>	<b>11 908.3</b>	<b>13 444.0</b>
Change to 2008 Budget estimate				997.6	167.2	607.0	1 481.4
<b>Economic classification</b>							
<b>Current payments</b>	<b>19.8</b>	<b>43.2</b>	<b>53.9</b>	<b>130.3</b>	<b>116.1</b>	<b>94.3</b>	<b>102.5</b>
Compensation of employees	11.6	14.8	17.3	32.1	31.2	30.7	32.5
Goods and services	8.1	28.4	36.6	98.2	84.9	63.6	70.0
of which:							
Administrative fees	–	–	0.1	0.3	0.2	0.1	0.1
Advertising	0.4	1.6	1.6	6.3	3.8	2.8	3.1
Assets less than R5 000	0.0	0.3	0.2	1.0	0.6	0.4	0.5
Catering: Departmental activities	0.1	0.0	0.1	0.4	0.2	0.2	0.2
Communication	0.1	0.2	0.1	0.5	0.3	0.2	0.2
Computer services	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Consultants and professional services: Business and advisory service	4.1	21.2	30.4	73.0	69.7	52.2	57.5
Contractors	0.9	0.7	–	–	–	–	–
Inventory: Other consumables	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Inventory: Stationery and printing	0.4	0.4	0.6	2.3	1.4	1.0	1.2
Lease payments	0.1	0.1	0.1	0.5	0.3	0.2	0.3
Owned and leasehold property expenditure	0.0	0.1	–	–	–	–	–
Transport provided: Departmental activities	–	–	0.2	0.9	0.5	0.4	0.5
Travel and subsistence	1.8	3.2	2.8	11.5	6.9	5.2	5.7
Training and development	–	0.0	–	–	–	–	–
Operating expenditure	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Venues and facilities	0.1	0.4	0.3	1.4	0.8	0.6	0.7
Financial transactions in assets and liabilities	–	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 998.2</b>	<b>3 025.2</b>	<b>5 172.0</b>	<b>8 636.1</b>	<b>8 738.7</b>	<b>11 775.7</b>	<b>13 288.4</b>
Provinces and municipalities	241.7	518.0	1 174.0	4 253.2	2 472.4	4 311.2	5 160.1
Departmental agencies and accounts	1 756.5	2 328.1	3 521.9	4 173.0	5 801.5	6 964.5	8 128.3
Public corporations and private enterprises	–	179.0	476.0	210.0	464.8	500.0	–
Households	0.0	0.0	0.0	–	–	–	–
<b>Payments for capital assets</b>	<b>20.7</b>	<b>35.2</b>	<b>0.3</b>	<b>0.6</b>	<b>0.6</b>	<b>38.3</b>	<b>53.1</b>
Buildings and other fixed structures	10.3	–	–	–	–	37.7	52.4
Machinery and equipment	10.4	35.2	0.3	0.6	0.6	0.6	0.7
<b>Total</b>	<b>2 038.7</b>	<b>3 103.5</b>	<b>5 226.2</b>	<b>8 767.0</b>	<b>8 855.4</b>	<b>11 908.3</b>	<b>13 444.0</b>

Table 33.7 Integrated Planning and Inter-sphere Coordination (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Capital</b>	–	–	–	1 074.3	44.4	11.0	–
Sani Pass Roads Grant	–	–	–	30.0	34.3	–	–
Overload control grant	–	–	–	8.8	10.1	11.0	–
Transport Disaster Management Grant	–	–	–	1 035.5	–	–	–
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Capital</b>	241.7	518.0	1 174.0	3 178.9	2 428.0	4 300.2	5 160.1
Public transport infrastructure and systems grant	241.7	518.0	1 174.0	3 170.0	2 418.2	4 289.8	5 149.0
Rural Transport Grant	–	–	–	8.9	9.8	10.4	11.1
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	1 191.1	1 494.1	1 962.6	2 266.0	2 753.5	2 899.3	3 065.7
South African National Roads Agency Ltd	1 187.4	1 494.1	1 962.6	2 266.0	2 753.5	2 899.3	3 065.7
South African National Roads Agency Ltd - NMT (bicycle)	3.8	–	–	–	–	–	–
<b>Capital</b>	565.3	833.0	1 559.4	1 906.9	3 048.0	4 065.2	5 062.6
South African National Roads Agency Ltd	565.3	833.0	1 429.4	1 806.9	2 841.5	4 065.2	5 062.6
South African National Roads Agency Ltd (Public Transport Infrastructure and Systems Fund)	–	–	130.0	100.0	206.6	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Capital</b>	–	179.0	476.0	210.0	464.8	500.0	–
South African Rail Commuter Corporation (Public Transport Infrastructure and Systems Fund)	–	179.0	476.0	210.0	464.8	500.0	–

## Expenditure trends

Programme expenditure is dominated by transfer payments to the South African National Roads Agency in the *Integrated Infrastructure and Network Development* subprogramme and by the public transport infrastructure and systems grant in the *2010 Soccer World Cup Coordination* subprogramme.

Expenditure increased rapidly from R2 billion in 2005/06 to R8.8 billion in 2008/09, at an average annual rate of 62.6 per cent. The high growth rate was due to the introduction of the public transport infrastructure grant in 2005/06, a once-off allocation of R1 billion in 2008/09 from the disaster management grant for roads, bridges and stormwater damage caused by floods in KwaZulu-Natal and the Western Cape, and increases in allocations to the South African National Roads Agency. Allocations to the South African National Roads Agency increased from R1.8 billion to R4.2 billion at an annual average rate of 33.4 per cent. The public transport infrastructure grant increased from R241.7 million to R3.2 billion at an average annual rate of 136 per cent.

Over the medium term, expenditure in this programme grows from R8.8 billion in 2008/09 to R13.4 billion in 2011/12, at an average annual rate of 15.3 per cent (or 20.2 per cent if the once-off allocation from the disaster management grant is excluded). This strong growth is due to additional allocations to the South African National Roads Agency of R109.5 million, R269.3 million and R344.9 million for inflation related adjustments, and a further R900 million over the MTEF period for national roads. The public transport infrastructure and systems grant receives additional allocations of R119.2 million, R325.3 million and R416.6 million over the same period for inflation related adjustments. An allocation of R500 million towards the provision of intercity busses for the 2010 FIFA World Cup was shifted from local government to the South African Rail Commuter Corporation in 2010/11.

Expenditure on goods and services grew from R8.1 million in 2005/06 to R98.2 million in 2008/09 due to increased expenditure in 2008/09 on: the rural transport strategy at R29.3 million; the implementation of the road infrastructure strategic framework at R15.3 million; and the monitoring and evaluation of public transport infrastructure and systems projects for the 2010 FIFA World Cup at R20 million.

Expenditure on goods and services decreases in 2009/10 because of the re-allocation of R9.8 million to a rural transport grant under transfer payments; and declines further in 2010/11 as allocations for the monitoring and evaluation of public transport infrastructure and systems grants in relation to the 2010 FIFA World Cup (R25 million in 2009/10) will be discontinued from 2010/11 onwards.

Grant funding is transferred and monitored through this programme, while the policy oversight function is provided for in the *Public Transport* programme.

Underspending in compensation of employees between 2005/06 and 2008/09 was due to posts not being filled.

## Public entities

### The South African National Roads Agency Ltd

#### Strategic overview: 2005/06 - 2011/12

The South African National Roads Agency was established in terms of the Companies Act (1973), and is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999).

The agency's main activities relate to the financing, management, control, planning, development, maintenance and rehabilitation of the South African national road network, as provided for by the South African National Roads Agency Limited and National Roads Act (1998). The South African National Roads Agency is a corporate entity operating at arm's length from government, with the Minister of Transport being its sole shareholder. The agency is responsible for the existing national road network of 16 170 km at an estimated asset value of over R140 billion.

As part of ongoing efforts to upgrade, maintain and improve South Africa's national road network, the agency has initiated a number of significant projects:

- The Gauteng freeway improvement scheme: the first phase of 185 km will be completed over the MTEF period, followed by a further 376 km scheduled to start in 2011
- A number of new toll projects, including on the N17, N1, N2, R30, R512/N4 and the N3, as well as at Dube Trade Port and the Huguenot Tunnel.

#### Selected performance and operations indicators

**Table 33.8 The South African National Roads Agency Ltd**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Smooth travel exposure index: percentage travel on roads with low roughness	95%	98%	97%	95%	95%	95%	95%
Low rut exposure index: percentage travel on road with low rut exposure	98%	100%	100%	95%	95%	95%	95%
High texture exposure index: percentage travel on road providing sufficient surface friction for wet conditions	97%	98%	97%	95%	95%	95%	95%
Bridge condition exposure index: percentage of travel under or over bridges with high overall condition	91%	96%	97%	90%	90%	90%	90%

#### Service delivery and spending focus

The South African National Roads Agency continues to maintain the national road network of 16 170 km. Current road maintenance contracts include resurfacing 2 376 km of roads, strengthening 711 km and improving 231 km. During 2008/09, significant progress was made with the toll road development programme, with construction work initiated on the N17 from Springs to Ermelo, the R30 from Bloemfontein to Kroonstad, and phase 1 of the Gauteng freeway improvement project (185 km). It is estimated that 29 300 direct employment opportunities and 138 000 indirect employment opportunities will be created during the construction phase of the project, and 1 800 direct and 9 200 indirect employment opportunities once it is completed.

The total rand value of work allocated to small, medium and micro enterprises (SMMEs) in 2007/08 amounted to R895 million, of which 90 per cent was carried out by black owned companies. The agency created jobs amounting to 24 333 555 person hours, equating to 12 673 full time jobs.

Through the public private partnership model, the South African National Roads Agency has proactively sought alternative sources of finance for road infrastructure and opportunities to reduce dependence on tax based revenues. In 2008/09, concessionaires spent R677 million on the maintenance, rehabilitation and reinforcement of 1 374 km of toll roads. The accumulated expenditure to date is R6.9 billion. The agency retained its Moody's Aa2.Za/P-1.za national scale credit issue rating for non-guaranteed funds. As a result of this, it launched its domestic medium term note programme, through which financing options for new and upgraded toll routes are increased.

A key focus over the MTEF period will be the Gauteng freeway improvement scheme. The scheme comprises lane additions and interchange upgrades. Interchange improvements include the provision of auxiliary lanes at on- and off-ramps, additional bridges or bridge widening, converting interchanges and adding on-ramps. At some interchanges, improvements to the cross-roads or cross-road intersections will be required. The substantial upgrading of approximately 185 km of freeway will be completed in 2010. This includes sections of the N1, N3, and the N12.

The upgrading of the R21 (35 km) is subject to its declaration as a national road. Upgrading of a further 65 km of freeways and less intensive upgrading of other freeways in Gauteng will be completed by 2012. This includes the proposed PWV14 between Johannesburg and the O.R. Tambo International Airport. The estimated construction cost for these upgrades is R14.3 billion. Once completed, the scheme will comprise 403 km of existing freeways, of which 230 km are set to have lane additions, and approximately 10 km of new freeways.

## Expenditure estimates

**Table 33.9 SA National Roads Agency Limited (SANRAL): Programme information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Strengthening	264.4	505.6	984.8	1 612.9	3 022.1	4 068.3	3 913.3
Improvements	115.8	349.3	1 186.9	6 201.2	10 179.2	5 543.2	1 403.0
New facilities	87.2	213.2	297.0	1 763.9	3 456.8	1 899.7	1 524.3
Other programmes	1 718.4	2 104.3	2 305.4	2 285.7	2 900.8	3 604.8	2 945.3
<b>Total expense<sup>1</sup></b>	<b>2 185.9</b>	<b>3 172.5</b>	<b>4 774.0</b>	<b>11 863.7</b>	<b>19 558.9</b>	<b>15 116.0</b>	<b>9 785.9</b>

1. Includes expenditure on both toll and non-toll roads, excludes expenditure on personnel

**Table 33.10 SA National Roads Agency Limited (SANRAL): Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>1 227.8</b>	<b>1 410.9</b>	<b>1 817.2</b>	<b>1 600.3</b>	<b>1 688.6</b>	<b>3 230.5</b>	<b>4 716.1</b>
Sale of goods and services other than capital assets	981.9	1 117.1	1 226.7	1 429.7	1 507.7	3 164.7	4 594.7
of which:							
Sales by market establishments	981.9	1 117.1	1 226.7	1 429.7	1 507.7	3 164.7	4 594.7
Other non-tax revenue	245.9	293.8	590.5	170.7	180.9	65.8	121.4
<b>Transfers received</b>	<b>1 324.6</b>	<b>1 578.9</b>	<b>1 841.8</b>	<b>1 602.9</b>	<b>1 363.1</b>	<b>2 096.5</b>	<b>3 627.0</b>
<b>Total revenue</b>	<b>2 552.4</b>	<b>2 989.8</b>	<b>3 659.1</b>	<b>3 203.2</b>	<b>3 051.7</b>	<b>5 327.0</b>	<b>8 343.1</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>2 774.3</b>	<b>3 020.5</b>	<b>3 381.0</b>	<b>3 369.4</b>	<b>4 878.2</b>	<b>6 978.4</b>	<b>7 063.7</b>
Compensation of employees	41.9	50.5	65.7	72.7	116.4	115.6	117.4
Goods and services	1 718.4	2 104.3	2 305.4	2 285.7	2 900.8	3 604.8	2 945.3
Depreciation	230.7	236.0	290.7	317.5	340.0	355.0	370.0
Interest, dividends and rent on land	783.3	629.7	719.2	693.5	1 521.0	2 903.0	3 631.0
<b>Total expenses</b>	<b>2 774.3</b>	<b>3 020.5</b>	<b>3 381.0</b>	<b>3 369.4</b>	<b>4 878.2</b>	<b>6 978.4</b>	<b>7 063.7</b>
<b>Surplus / (Deficit)</b>	<b>(221.9)</b>	<b>(30.7)</b>	<b>278.1</b>	<b>(166.1)</b>	<b>(1 826.5)</b>	<b>(1 651.4)</b>	<b>1 279.4</b>



**Table 33.10 SA National Roads Agency Limited (SANRAL): Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial position</b>							
Carrying value of assets	7 192.0	8 026.7	10 140.2	19 472.6	35 790.7	46 946.8	53 417.4
of which: Acquisition of assets	467.5	1 068.2	2 468.6	9 578.0	16 658.1	11 511.2	6 840.6
Investments	1 564.3	318.6	294.2	350.0	350.0	350.0	350.0
Receivables and prepayments	45.7	167.7	548.0	550.0	580.0	590.0	600.0
Cash and cash equivalents	468.1	1 313.3	1 462.1	1 300.0	1 400.0	1 500.0	1 600.0
<b>Total assets</b>	<b>9 270.2</b>	<b>9 826.3</b>	<b>12 444.5</b>	<b>21 672.6</b>	<b>38 120.7</b>	<b>49 386.8</b>	<b>55 967.4</b>
Accumulated surplus/deficit	(2 134.0)	(3 252.8)	(2 974.8)	(3 140.9)	(5 064.0)	(6 832.7)	(6 286.6)
Capital and reserves	–	1 091.0	1 091.0	1 091.0	1 091.0	1 091.0	1 091.0
Borrowings	10 535.5	6 200.0	6 718.8	12 748.5	26 561.1	34 617.9	35 940.9
Post-retirement benefits	7.0	7.1	6.8	6.8	6.9	7.0	7.2
Trade and other payables	547.5	868.4	1 104.7	1 900.0	2 000.0	2 100.0	2 300.0
Provisions	2.9	–	–	–	–	–	–
Managed funds	311.3	277.6	239.4	200.0	220.0	230.0	240.0
Liabilities not classified elsewhere	–	4 635.0	6 258.5	8 867.2	13 305.6	18 173.6	22 674.9
<b>Total equity and liabilities</b>	<b>9 270.2</b>	<b>9 826.3</b>	<b>12 444.5</b>	<b>21 672.6</b>	<b>38 120.7</b>	<b>49 386.8</b>	<b>55 967.4</b>

### Expenditure trends

The South African National Roads Agency finances its operations from a number of revenue sources and only receives about one third of its income in the form of government transfers. Over the MTEF period, the following transfers are allocated for non-toll national road infrastructure: R5.8 billion, R7 billion and R8.2 billion. Other sources of revenue include loans raised by the agency in the capital markets, toll revenue, and private sector investment through public private partnership agreements. The 41.3 per cent increase in borrowings over the medium term relates to the expansion and upgrade of toll routes, also reflected in the increase in toll revenue (sales by market establishment) at 47.6 per cent.

Expenditure increased from R2.8 billion in 2005/06 to R3.4 billion in 2007/08 at an annual average rate of 47.7 per cent reflecting increases in the cost of road maintenance and strengthening. Expenditure is projected to increase from R3.4 billion in 2008/09 to R7.1 billion in 2011/12, at an average annual rate of 27.8 per cent, mainly due to significant increases in toll capital expenditure.

The increase in cash and cash equivalents between 2005/06 and 2006/07 was due to the introduction of a liquidity buffer of three months' expenditure, resulting in higher cash investments to be retained at any given time.

## Programme 5: Transport Logistics and Corridor Development

- *National Freight Logistics Strategy* is responsible for developing strategies to unblock bottlenecks in the freight logistics system. It will also oversee the implementation of the national freight logistics strategy by coordinating integrated infrastructure planning, forecasting demand and undertaking scenario planning. Financial support to provincial freight forums are based on memorandums of understanding between the department and provincial departments.
- *Eastern Corridor and Western Corridor* implements projects in the freight corridors. These are aimed at improving the efficiency of the corridors and integrating secondary and tertiary corridors into a seamless logistics system that supports the geographic expansion of economic activity in South Africa and the Southern African Development Community (SADC) region.
- *Administration Support*.

Funding for goods and services in these subprogrammes is based on supply chain management principles.



## Objectives and measures

- Promote seamless and integrated movement of cargo across all transport modes by developing the national freight information system and appropriate corridor mapping tools by March 2010.
- Improve and promote the participation of second economy players in the mainstream economy and encourage private sector participation and investment by developing appropriate institutional and regulatory frameworks by August 2009.

## Service delivery and spending focus

The appointment of the service provider responsible for finalising the Eastern Cape freight databank was concluded in 2008/09. KwaZulu-Natal updated its databank, and terms of reference for the national update have been completed.

Freight logistics forums were established in all provinces in 2007/08 to support integrated planning between stakeholders. Host cities were requested to ensure the incorporation of freight plans into the integrated national transport operational plan submitted to FIFA in October 2008.

The department completed the assessment report on land ports of entry infrastructure, the status quo report for the freight movement optimisation plan, as well as inception and landscape reports. These reports will inform the national freight monitoring framework and corridor mapping exercise. Further progress has been made in reviewing and developing the areas of rail restructuring options, airfreight and ports reform. Pilot projects for revitalising rail branch lines have been evaluated.

Over the MTEF period, the programme will aim to enhance logistics efficiencies by improving the national freight information system and developing norms and standards for industry information and tracking systems. The development of the national integrated border control strategy will be supported through participation in the border control and operations coordinating committee.

## Expenditure estimates

**Table 33.11 Transport Logistics and Corridor Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
National Logistics Strategy	1.4	7.2	1.4	20.4	18.0	24.8	25.3
Eastern Corridor	5.0	7.5	7.7	5.2	4.5	4.6	4.9
Western Corridor	1.3	2.6	2.2	6.4	6.6	6.9	7.3
Administration Support	0.1	0.6	1.7	3.1	2.7	2.7	2.9
<b>Total</b>	<b>7.7</b>	<b>17.9</b>	<b>13.0</b>	<b>35.1</b>	<b>31.8</b>	<b>39.0</b>	<b>40.3</b>
Change to 2008 Budget estimate				12.9	(0.7)	(1.1)	(1.0)
<b>Economic classification</b>							
<b>Current payments</b>	<b>7.7</b>	<b>17.8</b>	<b>12.9</b>	<b>35.0</b>	<b>31.8</b>	<b>38.9</b>	<b>40.2</b>
Compensation of employees	2.5	3.9	4.3	11.2	12.3	12.4	13.1
Goods and services	5.1	13.9	8.6	23.8	19.4	26.5	27.1
of which:							
Administrative fees	0.0	–	0.1	0.2	0.3	0.4	0.5
Advertising	0.2	0.2	0.3	0.3	0.6	0.8	0.8
Consultants and professional services: Business and advisory service	3.3	11.1	6.9	21.6	15.5	21.1	21.6
Transport provided: Departmental activities	–	–	0.1	0.1	0.3	0.4	0.4
Travel and subsistence	1.0	1.5	0.9	1.1	2.1	2.8	2.9
Operating expenditure	–	0.5	0.0	0.0	0.0	0.0	0.0
Financial transactions in assets and liabilities	–	–	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Households	0.0	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Machinery and equipment	0.0	0.1	0.0	0.1	0.1	0.1	0.1
<b>Total</b>	<b>7.7</b>	<b>17.9</b>	<b>13.0</b>	<b>35.1</b>	<b>31.8</b>	<b>39.0</b>	<b>40.3</b>

## Expenditure trends

Underspending of appropriated funds declined from 58 per cent in 2005/06 to 51.8 per cent in 2007/08. This trend is set to continue in 2008/09, with an anticipated underspending of R4.6 million. However, expenditure in the programme increased from R7.7 million in 2005/06 to R35.1 million in 2008/09, at an average annual rate of 65.7 per cent. This was due to additional allocations of R10 million for the development of freight logistics strategies and information systems from 2007/08 onwards, and the reprioritisation of R12.4 million for the same purpose in 2008/09. Over the medium term, funds are reprioritised from other programmes to augment the programme's budget by R11.2 million, R18.2 million and R18.2 million. The average annual increase stabilises at 4.7 per cent over the medium term, mainly due to inflation related adjustments.

Expenditure on compensation of employees is expected to increase from R2.5 million in 2005/06 to R13.1 million in 2011/12 at an average annual rate of 31.7 per cent, due to the expansion of the programme and filling of vacant posts. The large increase is partly due to the programme only being initiated in 2005 and a vacancy rate of close to 50 per cent in 2007/08 which had to be addressed in 2008/09.

Over the MTEF period, expenditure on goods and services stabilises at an average annual rate of 4.5 per cent, as additional funds become available to develop strategies and information systems, and to fund costs associated with the increase in personnel.

## Programme 6: Public Transport

- *Public Transport Strategy and Monitoring* develops public transport strategies and leads the initiation of related implementation projects. Its main priority is to oversee the implementation of the public transport strategy. Funding for goods and services is based on supply chain management principles.
- *Public Transport Management* oversees the payment of public transport subsidies and facilitates the transformation of the industry. Bus subsidies, transferred to provincial departments based on annual agreements, will from April 2009 be allocated through the public transport operations grant. The subprogramme oversees the payment of rail commuter subsidies and capital transfers to the South African Rail Commuter Corporation and manages the passenger rail integration process.
- *Taxi Recapitalisation Project Office* manages taxi related matters, liaises with the taxi industry, intervenes to ensure that the formalisation process is on track, facilitates training and development in the taxi industry, and develops the regulatory framework for the taxi sector. The implementation of the taxi recapitalisation project is a key priority and funds for scrapping taxis are paid in accordance with the contract with the taxi scrapping agency.
- *Public Transport Business Development* develops the business case for public transport and focuses on the integration of public transport operations to maximise the subsidy. It also develops the business case and analysis for new public transport developments. Funding for goods and services is based on supply chain management principles.
- *Administration Support*.

## Objectives and measures

- Improve access to safe, reliable and affordable public transport by implementing the public transport strategy in accordance with the targets set out in the action plan.
- Ensure integrated and optimised public transport services by facilitating the development of integrated rapid public transport networks and feeder and distribution systems in metropolitan and large municipalities by 2012.
- Improve service efficiencies in integrated rapid transport networks by facilitating the integration of public transport operations and services on an ongoing basis.

## Service delivery and spending focus

The Legal Succession to the South African Transport Services Amendment Act (2008) provides for the incorporation of the passenger long distance road and rail services into the South African Rail Commuter Corporation. The consolidation of Metrorail was finalised in 2006 and the incorporation of Shohsoloza Meyl

and Authopax is expected to be finalised in 2009. The current policy environment is being reviewed by the department to develop an investment strategy for rail.

A monitoring strategy was developed for the taxi recapitalisation project to determine the progress being made in terms of the scrapping process. By November 2008, 2 220 operators had received scrapping allowances to the value of R1.1 billion. The department concluded a turnaround strategy for dealing with scrapping capacity issues in provinces. Funding for capacity building is based on memorandums of understanding between all provinces and the department.

Since Cabinet's approval of the public transport strategy and action plan in 2007, the focus has been on developing phase one operational plans in the identified cities. To date, Johannesburg, Nelson Mandela Bay, Cape Town, Tshwane and Mbombela have developed these plans. Scoping plans have been completed for metropolitan and large municipalities.

Over the medium term, the programme will support the implementation of the national passenger rail plan, the expansion of rail capacity, and the transfer of Shosholozha Meyl and Autopax to the South African Rail Commuter Corporation. Support of road based public transport will include the rollout of the public transport strategy to Msunduzi and Ekurhuleni, the alignment of the taxi recapitalisation programme, and the implementation of the land transport legislation, which provides for the planning, regulation and management of integrated rapid public transport networks in urban areas. The implementation of the rural transport strategy will be supported to improve planning for appropriate services.

## Expenditure estimates

**Table 33.12 Public Transport**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Public Transport Strategy and Monitoring	2.0	4.7	2.8	9.4	32.8	11.7	12.0
Public Transport Management <sup>1</sup>	5 150.4	9 505.1	9 831.4	11 681.9	13 396.1	12 306.0	13 200.2
Taxi Recapitalisation Project Office	28.4	231.8	679.8	574.7	754.9	627.6	608.7
Public Transport Business Development	0.4	–	0.4	2.0	1.9	1.9	2.1
Administration Support	5.3	3.6	2.2	9.2	6.0	6.1	6.4
<b>Total</b>	<b>5 186.5</b>	<b>9 745.2</b>	<b>10 516.6</b>	<b>12 277.2</b>	<b>14 191.7</b>	<b>12 953.4</b>	<b>13 829.4</b>
Change to 2008 Budget estimate				203.8	1 170.8	1 155.2	1 661.1
<b>Economic classification</b>							
<b>Current payments</b>	<b>33.2</b>	<b>152.1</b>	<b>121.5</b>	<b>137.7</b>	<b>164.6</b>	<b>149.0</b>	<b>156.9</b>
Compensation of employees	7.5	8.6	11.4	20.1	18.3	18.0	19.1
Goods and services	25.7	143.5	108.1	117.6	146.3	131.0	137.8
of which:							
Advertising	0.1	6.8	0.3	0.3	0.4	0.4	0.4
Computer services	0.0	0.0	1.5	1.6	2.1	1.9	2.0
Consultants and professional services: Business and advisory service	20.8	132.8	104.2	113.3	140.7	125.9	132.5
Consultants and professional services: Legal costs	0.8	0.0	–	–	–	–	–
Contractors	0.6	0.6	–	–	–	–	–
Agency and support / outsourced services	0.7	0.9	–	–	–	–	–
Inventory: Stationery and printing	0.4	0.4	0.3	0.4	0.5	0.4	0.4
Travel and subsistence	0.7	1.0	1.2	1.3	1.7	1.5	1.6
Operating expenditure	0.1	0.5	0.0	0.0	0.0	0.0	0.0
Venues and facilities	1.0	0.1	0.1	0.1	0.1	0.1	0.1
Financial transactions in assets and liabilities	–	–	1.9	–	–	–	–
<b>Transfers and subsidies</b>	<b>5 153.1</b>	<b>9 593.0</b>	<b>10 395.0</b>	<b>12 139.4</b>	<b>14 027.0</b>	<b>12 804.3</b>	<b>13 672.4</b>
Provinces and municipalities	0.0	3 241.0	3 029.4	3 266.0	6 364.6	4 203.7	4 153.2
Public corporations and private enterprises	5 142.4	6 241.2	6 791.2	8 401.4	7 017.6	8 088.2	9 032.0
Non-profit institutions	10.6	11.2	2.9	13.0	14.0	14.8	15.7
Households	0.1	99.5	571.6	459.0	630.8	497.6	471.5
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Machinery and equipment	0.2	0.2	0.1	0.1	0.1	0.1	0.1
<b>Total</b>	<b>5 186.5</b>	<b>9 745.2</b>	<b>10 516.6</b>	<b>12 277.2</b>	<b>14 191.7</b>	<b>12 953.4</b>	<b>13 829.4</b>

Table 33.12 Public Transport (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Current</b>	–	–	–	–	3 531.9	3 863.0	4 153.2
Public Transport Operations Grant	–	–	–	–	3 531.9	3 863.0	4 153.2
<b>Capital</b>	–	3 241.0	3 029.4	3 266.0	2 832.7	340.7	–
Gautrain rapid rail link	–	3 241.0	3 029.4	3 266.0	2 832.7	340.7	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	2 156.4	2 751.3	2 259.1	3 049.6	3 185.8	3 274.9	3 465.2
South African Rail Commuter Corporation	2 156.4	2 751.3	2 259.1	3 049.6	3 185.8	3 274.9	3 465.2
<b>Capital</b>	688.3	1 029.6	1 696.1	2 367.7	3 831.8	4 813.3	5 566.8
South African Rail Commuter Corporation	688.3	1 029.6	1 696.1	2 367.7	3 831.8	4 813.3	5 566.8
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	2 297.8	2 460.3	2 836.0	2 984.1	–	–	–
Bus subsidies	2 297.8	2 460.3	2 836.0	2 984.1	–	–	–
<b>Non-profit institutions</b>							
<b>Current</b>	10.6	11.2	2.9	13.0	14.0	14.8	15.7
Taxi : SANTACO	10.6	11.2	2.9	13.0	14.0	14.8	15.7
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	–	99.5	571.6	459.0	630.8	497.6	471.5
Taxi Recapitalisation	–	99.5	571.6	459.0	630.8	497.6	471.5

1. The programme expenditure is expected to exceed the appropriated allocation by R1.2 billion in 2008/09 due to legal action relating to bus subsidies.

## Expenditure trends

Programme expenditure is dominated by transfers in the *Public Transport Management* subprogramme for the Gautrain rapid rail link, the South African Rail Commuter Corporation, and bus subsidies. Taxi recapitalisation is a key expenditure item in the *Taxi Recapitalisation Project Office* subprogramme.

Between 2006/07 and 2008/09, government's contribution to the Gautrain rapid rail link amounted to R9.5 billion, with a total estimated contribution of R12.7 billion towards the development phase over the MTEF period.

The taxi recapitalisation programme started in 2006/07. Expenditure is set to peak in 2009/10, followed by a decrease as the demand for taxi scrapping is expected to slow down. The projected average annual growth rate over the MTEF period is 0.9%.

Transfers to the South African Rail Commuter Corporation grew at an average annual rate of 24 per cent over the past three years, and are expected to increase at an average annual rate of 17.1 per cent over the medium term.

Bus subsidies increased at an average annual rate of 9.1 per cent in the first three-year period and are expected to increase at an average annual rate of 11.6 per cent over the next three years.

Overall expenditure increased at an average annual rate of 33.3 per cent from 2005/06 to 2008/09 and is expected to increase at a further 4.0 per cent from 2008/09 to 2011/12. Excluding the transfers to Gautrain, the South African Rail Commuter Corporation, bus subsidies and transfers to households for taxi recapitalisation, the average annual growth rate for the programme was 50.7 per cent between 2005/06 and 2008/9. The high growth in the first three-year period is due to a 66.1 per cent average annual increase in the goods and services

budget. This trend is dominated by an increase in expenditure for consultants from R20.8 million to R113.3 million, equating to an average annual growth rate of 75.9 per cent.

Expenditure on goods and services increased in 2006/07 as a result of additional allocations and rollovers for taxi operating license conversions, assistance given to provinces with taxi permit conversions, planning and systems development, and service providers assisting the department with the rollout and implementation of the taxi recapitalisation programme. Expenditure on goods and services increases in 2009/10 due to R25 million reprioritised to assist the South African Rail Commuter Corporation with the acquisition of Autopax, and because R10 million per annum was also reprioritised for law enforcement of the taxi industry.

While overall growth slows down over the MTEF period, mainly due to the discontinuation of Gautrain and decrease in taxi scrapping transfers, there are several additional allocations:

- R1 190.1 million over the medium term for inflation related to fuel price increases affecting the provision of bus services as well as R200 million, R212 million and R224.7 million for increases related to the cost of such services over the MTEF period
- R600 million over the MTEF period for improving passenger rail infrastructure in the SARCC and a further R219 million, R395.9 million and R488.8 million for inflation related adjustments.
- R100.5 million in 2009/10 and R23.1 million in 2010/11 as inflation related adjustments for the Gautrain rapid rail link and a further R225 million in 2009/10 for exchange rate related adjustments
- R200 million, R100 million and R50 million for the scrapping of old taxi vehicles.

## Public entities

### South African Rail Commuter Corporation Limited

#### Strategic overview: 2005/06 - 2011/12

In December 2004, Cabinet resolved that the South African Rail Commuter Corporation, Metrorail and Shosholoz Meyl should be consolidated to form a single passenger rail entity called the Passenger Rail Agency of South Africa. The Legal Succession to the South African Transport Services Amendment Act (2008) provides the legislative framework for the new strategic decision to be implemented by March 2009. The Passenger Rail Agency will incorporate the operations, personnel and assets of the South African Rail Commuter Corporation, Metrorail and Shosholoz Meyl, Autopax, the long distance bus company, and the wholly owned subsidiary, Intersite Property Management Services. It will position itself as the provider of both urban commuter rail services and long distance and rural public passenger transport solutions, which may include the operation and delivery of essential transport feeder and distribution services where suitable and necessary.

#### Selected performance and operations indicators

**Table 33.13 South African Rail Commuter Corporation Limited**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of coaches overhauled and upgraded	375	310	489	680	700	700	500
Percentage of Metrorail trains on time (A corridors)	89%	87%	86%	88%	90%	92%	93%
Percentage of Metrorail trains cancelled (A corridors)	3.5%	2.3%	1.8%	1.4%	1.5%	1.3%	1%
Metrorail: Passenger trips (number of commuters in the system)	512m	530m	592m	385m	677m	745m	815m
Metrorail: Fare revenue (R million)	R1 020	R1 060	R1191	R787	R1 347	R1 465	R1 610
Metrorail: Accidents per million train km	–	1.2	1.2	1.7	1.6	1.5	1.5
Metrorail: Fatalities per million passenger trips	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Metrorail: Injuries per million passenger trips	3.67	2.89	2.51	2.10	2.00	1.90	1.80
Metrorail: Crime index (serious crime incidents per 100 000 passenger trips)	0.4	0.5	0.3	0.3	0.4	0.4	0.3
Disabling injuries (per 200 000 hours worked)	1.7	1.3	1.1	1.1	1.1	1	1
Metrorail: Customer satisfaction index	–	0.7	0.7	0.7	0.8	0.8	0.8
Service efficiency index (R): Subsidy per passenger km	–	0.17	0.14	0.15	0.15	0.15	0.15
SARCC and Metrorail: Learnerships and internships	–	–	493	603	770	650	600

## Service delivery and spending focus

The Tshwane Business Express, which transports commuters from Tshwane to Johannesburg, was launched in May 2008. The number of passengers using the service has increased significantly and a second train is being prepared for introduction in 2009/10. The average monthly income derived from this service is R500 000.

The safety permit for the Rail Safety Regulator to operate the service for three years was awarded in August 2008.

The women in rail programme was launched in November 2008. Applying BEE criteria, the programme aims to provide opportunities in the sector for women. Open days will be held in all provinces to promote this initiative.

In 2007/08, the South African Rail Commuter Corporation launched its station improvement programme. To date, 19 stations in the KwaZulu-Natal and Tshwane regions have been refurbished. It is anticipated that a further 86 stations will be upgraded by the end of 2008/09.

The corporation's key objectives over the MTEF period include: ensuring the successful incorporation of long distance rail and road passenger services; aligning services to the rural transport strategy; providing for the acquisition of new rolling stock; and managing demand for the expansion of the rail network and alignment to integrated rapid public transport networks in urban areas.

## Expenditure estimates

**Table 33.14 SA Rail Commuter Corporation Limited (SARCC): Activity information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Personnel costs	458.5	1 620.4	1 997.5	2 095.7	2 577.1	2 847.9	3 046.2
Material	29.4	137.2	161.2	189.6	235.0	230.4	246.5
Energy	42.0	202.6	243.3	380.5	620.7	651.1	721.4
Maintenance	230.1	540.3	440.8	493.6	943.2	994.5	1 053.9
Rental and Leases	–	24.3	29.9	202.7	648.1	664.0	690.5
Other activities	2 274.4	1 776.5	1 932.0	2 345.0	2 553.4	2 872.2	3 212.6
<b>Total expense</b>	<b>3 034.2</b>	<b>4 301.2</b>	<b>4 804.7</b>	<b>5 707.1</b>	<b>7 577.5</b>	<b>8 260.1</b>	<b>8 971.1</b>

**Table 33.15 SA Rail Commuter Corporation Limited (SARCC): Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>883.8</b>	<b>1 813.6</b>	<b>2 030.9</b>	<b>2 229.9</b>	<b>3 329.6</b>	<b>3 807.8</b>	<b>4 336.3</b>
Sale of goods and services other than capital assets	563.3	1 325.6	1 471.2	1 593.9	2 542.9	2 756.8	2 997.3
<i>of which:</i>							
<i>Sales by market establishments</i>	563.3	1 325.6	1 471.2	1 593.9	2 542.9	2 756.8	2 997.3
<i>Other non-tax revenue</i>	320.5	488.0	559.8	636.1	786.6	1 051.0	1 339.1
<b>Transfers received</b>	<b>1 619.5</b>	<b>2 751.3</b>	<b>2 259.1</b>	<b>3 049.6</b>	<b>3 185.8</b>	<b>3 274.9</b>	<b>3 465.2</b>
<b>Total revenue</b>	<b>2 503.3</b>	<b>4 564.9</b>	<b>4 290.0</b>	<b>5 279.5</b>	<b>6 515.4</b>	<b>7 082.7</b>	<b>7 801.5</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>1 945.3</b>	<b>4 301.2</b>	<b>4 624.1</b>	<b>5 707.1</b>	<b>7 577.5</b>	<b>8 260.1</b>	<b>8 971.1</b>
Compensation of employees	458.5	1 620.4	2 013.3	2 095.7	2 527.6	2 807.0	3 000.6
Goods and services	1 004.9	2 101.1	1 939.9	2 813.9	3 855.6	4 092.1	4 361.1
Depreciation	446.3	545.1	643.2	763.5	1 116.3	1 272.6	1 506.6
Interest, dividends and rent on land	35.6	34.6	27.7	34.0	78.0	88.3	102.7
<b>Transfers and subsidies</b>	<b>1 088.2</b>	<b>–</b>	<b>176.7</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total expenses</b>	<b>3 034.2</b>	<b>4 301.2</b>	<b>4 804.7</b>	<b>5 707.1</b>	<b>7 577.5</b>	<b>8 260.1</b>	<b>8 971.1</b>
<b>Surplus / (Deficit)</b>	<b>(531.0)</b>	<b>263.6</b>	<b>(514.6)</b>	<b>(427.6)</b>	<b>(1 062.1)</b>	<b>(1 177.4)</b>	<b>(1 169.5)</b>



**Table 33.15 SA Rail Commuter Corporation Limited (SARCC): Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial position</b>							
Carrying value of assets	6 638.6	7 082.3	8 650.8	10 323.2	13 615.9	18 158.0	22 262.2
of which: Acquisition of assets	1 058.9	1 104.1	2 231.4	2 464.2	4 408.9	5 346.7	5 610.8
Investments	49.7	–	–	–	–	–	–
Inventory	42.3	56.4	104.3	134.5	188.2	244.6	293.5
Receivables and prepayments	359.6	360.2	319.6	307.0	257.0	237.0	207.0
Cash and cash equivalents	1 069.5	1 870.8	2 015.3	1 841.5	2 351.7	2 459.0	2 788.7
<b>Total assets</b>	<b>8 159.6</b>	<b>9 369.6</b>	<b>11 090.0</b>	<b>12 606.2</b>	<b>16 412.8</b>	<b>21 098.6</b>	<b>25 551.4</b>
Accumulated surplus/deficit	3 040.3	3 303.9	2 789.3	2 289.0	2 102.8	1 772.1	1 470.3
Capital and reserves	3 711.2	4 728.0	6 645.6	8 650.7	11 942.3	16 933.4	22 040.9
Borrowings	184.9	160.6	132.9	138.0	138.0	138.0	138.0
Post-retirement benefits	70.9	75.7	44.5	75.7	75.7	75.7	75.7
Trade and other payables	951.4	848.8	990.5	1 093.4	1 724.1	1 679.0	1 279.6
Provisions	201.0	252.7	487.2	359.4	429.9	500.4	546.9
<b>Total equity and liabilities</b>	<b>8 159.6</b>	<b>9 369.6</b>	<b>11 090.0</b>	<b>12 606.2</b>	<b>16 412.8</b>	<b>21 098.6</b>	<b>25 551.4</b>

### Expenditure trends

The consolidation of the South African Rail Commuter Corporation and Metrorail in 2006 resulted in significant changes in expenditure patterns between 2005/06 and 2006/07, mainly due to the reallocation of expenses that were previously reported as contract payments to Metrorail.

Transfers to the entity increase at an average annual rate of 9.9 per cent from R7.5 billion in 2009/10 to R9 billion in 2011/12, due to additional allocations for the upgrade and overhaul of coaches and infrastructure investments in signalling. Large increases in capital and reserves of 36.6 per cent reflect the deferred capital transfers received by the entity for rolling stock and infrastructure upgrades. The entity also receives funding towards the 2010 World Cup for station and rolling stock upgrades. In 2010/11, an additional R500 million is allocated to support the acquisition of intercity busses in anticipation of Autopax being incorporated.

The 60 per cent increase in fare revenue between 2008/09 and 2009/10 is mainly due to additional revenue that will be generated by Shosholozza Meyl, Autopax and Metrorail fare revenue growth of 7 per cent. Personnel expenditure increases by 20.6 per cent between 2008/09 and 2009/10, and increases at an average annual rate of 13.3 per cent over the MTEF period to cater for increases in personnel for Shosholozza Meyl and Autopax. Expenditure related to haulage and energy costs, as well as maintenance and security, is also set to increase due to the expansion of services.

## Programme 7: Public Entity Oversight and Border Control

- *Public Entity Oversight* oversees public entities' compliance with government policy, corporate governance, financial management and operational plans, through monitoring and evaluation processes. It also manages the reform and development of public entities to improve service delivery.
- *Border Operations and Control* is responsible for the oversight and monitoring of border control activities in line with the oversight framework.
- *Administration Support*.

The programme transfers funds to public entities and monitors expenditure based on a shareholder compact between the entity and the Minister of Transport. Goods and services expenditure is based on supply chain management principles.



## Objectives and measures

- Ensure effective oversight over the department's public entities by implementing the electronic performance management system in support of financial and non-financial oversight by March 2010.
- Ensure alignment between legislative mandates and entities' strategic and corporate plans by concluding the shareholder compacts and reviewing performance agreements by April 2009.
- Ensure regulatory compliance by providing ongoing governance and financial oversight and advice to the public entities on their corporate financial proposals and implementation plans.
- Ensure the efficient movement of people and cargo across ports of entry by finalising a border control oversight framework integrating all modes of transport, including land border posts, sea ports and aviation airspace, by March 2010.

## Service delivery and spending focus

Shareholder compacts providing key performance areas for public entities have been concluded and are monitored and evaluated based on quarterly and annual reports submitted by the entities.

The Transport Agencies General Laws Amendment Act (2007) was promulgated in April 2008. The Road Accident Fund Amendment Act (2005) was promulgated in August 2008. A draft no-fault based framework was developed in 2008. The turnaround strategy for the Cross Border Road Transport Agency has resulted in the agency realising a profit in 2007/08.

## Expenditure estimates

**Table 33.16 Public Entity Oversight and Border Operations and Control**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Public Entity Oversight	2 819.4	130.8	165.1	2 682.5	172.4	83.4	87.3
Border Operations and Control	–	–	–	2.3	2.2	2.2	2.3
Administration	1.5	0.2	0.8	3.8	3.1	3.2	3.4
Economic Regulation	–	–	0.6	–	–	–	–
<b>Total</b>	<b>2 820.9</b>	<b>131.1</b>	<b>166.4</b>	<b>2 688.6</b>	<b>177.7</b>	<b>88.8</b>	<b>93.0</b>
Change to 2008 Budget estimate				2 523.6	1.1	3.6	3.6
<b>Economic classification</b>							
<b>Current payments</b>	<b>14.1</b>	<b>4.1</b>	<b>4.3</b>	<b>38.1</b>	<b>26.4</b>	<b>26.5</b>	<b>27.3</b>
Compensation of employees	1.7	2.1	3.5	8.1	8.0	7.9	8.3
Goods and services	12.3	2.0	0.8	30.0	18.4	18.6	18.9
of which:							
Advertising	0.4	0.1	0.1	1.1	3.1	3.1	3.2
Assets less than R5 000	0.2	0.1	0.1	0.6	1.6	1.6	1.6
Communication	0.5	0.1	0.1	0.8	1.1	1.1	1.1
Consultants and professional services: Business and advisory service	1.3	1.2	0.0	23.1	0.6	0.6	0.6
Consultants and professional services: Legal costs	0.5	–	–	–	–	–	–
Inventory: Stationery and printing	0.8	0.2	0.1	0.9	2.5	2.5	2.6
Lease payments	0.6	0.0	0.1	0.5	1.4	1.4	1.5
Transport provided: Departmental activities	–	–	0.0	0.2	0.6	0.6	0.6
Travel and subsistence	5.2	0.1	0.2	2.2	6.0	6.1	6.2
Operating expenditure	1.2	0.0	0.0	0.0	0.1	0.1	0.1
Venues and facilities	0.7	0.0	0.0	0.4	1.2	1.2	1.3
Financial transactions in assets and liabilities	–	–	0.0	–	–	–	–

**Table 33.16 Public Entity Oversight and Border Operations and Control (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>2 806.9</b>	<b>126.8</b>	<b>162.0</b>	<b>2 650.3</b>	<b>151.1</b>	<b>62.1</b>	<b>65.5</b>
Provinces and municipalities	0.0	–	–	–	–	–	–
Departmental agencies and accounts	2 806.8	126.8	162.0	2 650.3	151.1	62.1	65.5
Households	–	0.0	0.0	–	–	–	–
<b>Payments for capital assets</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Machinery and equipment	0.0	0.2	0.1	0.2	0.2	0.2	0.2
<b>Total</b>	<b>2 820.9</b>	<b>131.1</b>	<b>166.4</b>	<b>2 688.6</b>	<b>177.7</b>	<b>88.8</b>	<b>93.0</b>

**Details of selected transfers and subsidies****Departmental agencies and accounts****Departmental agencies (non-business entities)**

<b>Current</b>	<b>106.8</b>	<b>126.8</b>	<b>162.0</b>	<b>150.3</b>	<b>151.1</b>	<b>62.1</b>	<b>65.5</b>
Railway Safety Regulator	20.0	21.2	27.3	33.4	37.3	35.6	37.5
Road Traffic Management Corporation	73.2	90.5	93.0	89.6	83.6	–	–
South African Maritime Safety Authority	7.3	7.7	12.9	8.5	8.9	9.4	10.0
South African Civil Aviation Authority	6.4	7.4	28.9	7.5	7.8	8.2	8.7
Independent Port Regulator	–	–	–	11.4	13.6	8.8	9.4

**Expenditure trends**

The programme's expenditure includes additional allocations of R2.7 billion in 2005/06 and R2.5 billion in 2008/09 as transfer payments to the Road Accident Fund. These allocations were made to address the liquidity crisis experienced by the Road Accident Fund and to assist in decreasing the outstanding claims.

Transfer payments to the Road Traffic Management Corporation increased at an average annual rate of 7 per cent from R73.2 million in 2005/06 to R89.6 million in 2008/09. In 2008/09 and 2009/10, transfers to the corporation are expected to decline due to some of the allocations for the Arrive Alive communications campaign being re-allocated to the department. Transfers to the Road Traffic Management Corporation will be discontinued from 2010/11 onwards, as the corporation is expected to become self-funded through transaction fees levied on the renewal of vehicle licenses and the implementation of the Administrative Adjudication of Road Traffic Offences Act (1998).

Transfer payments to the Ports Regulator were introduced in 2008/09, with an initial amount of R11.4 million. Allocations to the Railway Safety Regulator are set to increase from R33.4 million in 2008/09 to R37.5 million in 2011/12.

Expenditure on goods and services was higher than expected in 2005/06 because it included allocations for functions of the Road Traffic Management Corporation that were performed within the department, as well as an allocation for setting up the Railway Safety Regulator. Expenditure on goods and services increased from 2008/09 due to the rollover of R14 million in 2008/09, and the department reprioritising additional funding for the restructuring of the Road Accident Fund of R6 million in 2008/09, and R14 million per year over the MTEF period.

**Public entities****Road Accident Fund****Strategic overview: 2005/06 – 2011/12**

The Road Accident Fund was established in terms of the Road Accident Fund Act (1996). Its mandate is to provide compensation for personal injury claims arising from the negligent actions of another driver and is funded through a dedicated fuel levy collected by the South African Revenue Service. The Fund has developed

a new claims management system and implemented an ICT strategy to improve performance in its core operations. These initiatives are currently being implemented and have resulted in noticeable improvements in operating performance, especially in processing efficiency.

The Road Accident Fund currently stands with a claims processing backlog of around 297 000 claims, an accumulated financial deficit of around R27.8 billion and very poor liquidity. The cost to compensation ratio (claims settlement cost versus compensation paid to victims) has declined to 40 per cent from its peak of 48 per cent in 2005/06.

Over the MTEF period, the RAF will continue to:

- lead the reform, enabling the creation of a benefit system for South Africa that is equitable, affordable, sustainable and appropriate for the country and which eliminates wastages, inefficiencies and leakages inherent in the current system
- ensure that the system put in place for the country is appropriately funded and that correct economic models are used to determine the pricing for the fuel levy on a regular basis
- invest in systems and processes that will result in superior service delivery to victims of motor vehicle accidents, their families and service providers.

#### Selected performance and operations indicators

**Table 33.17 Road Accident Fund**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of new claims reported each year	190 470	170 418	267 133	309 838	340 822	357 863	350 706
Number of new claims paid each year	188 185	274 954	311 207	270 878	250 699	241 245	241 597
Total number of outstanding claims	445 682	341 146	297 072	336 032	426 155	542 772	651 881
Cost to compensation ratio (percentage)	48%	44%	47%	–	–	–	–
Cost to fuel levy income ratio (percentage)	32%	31%	32%	30%	24%	24%	25%

#### Service delivery and spending focus

The claims backlog was reduced by 13 per cent in 2007/08 with the Road Accident Fund exceeding the target for 2007/08. A contract to implement a new claims system was concluded. The new system will start operating from April 2009. The cost to compensation ratio improved by 4 per cent in 2007/08.

The fraud prevention strategy prescribes the centralisation of functions to ensure integrity. Its investigative capacity has been increased, and dedicated resources were jointly appointed by the Road Accident Fund, the National Prosecuting Authority and the South African Police Service to identify, investigate and prosecute fraudulent activities. More than 4 500 claims to the value of R363 million have been referred for investigation.

In 2007/08, the Road Accident Fund spent approximately R800 million on own legal costs. In an effort to reduce costs and in turn reduce the cost to compensation ratio, the fund will establish an internal law firm that will provide the necessary legal representation. It is estimated that the annual saving to the Road Accident Fund on managing the litigation of these matters internally will be approximately R110 million. The project will be rolled out in early 2009, and by the end of 2009, all magistrate court litigation will be managed by the internal law firm.

Over the MTEF period, the fund will continue to reduce the backlog of claims, improve efficiencies in the claims management system and provide increased capacity to facilitate the claims process. To support efforts to address the solvency of the Fund, the department will be assisted in finalising the shift to a social security system providing benefits based on a no-fault system.

## Expenditure estimates

**Table 33.18 Road Accident Fund (RAF): Project information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
- Compensation	3 209.3	3 989.0	6 497.4	10 452.7	8 852.4	9 924.9	7 217.1
- RAF legal and other	505.8	664.5	795.2	892.5	905.1	1 074.2	1 203.1
- Claimants legal and other	796.7	1 003.1	1 237.4	1 388.7	1 408.2	1 671.4	1 872.0
- Supplier claims	341.1	462.9	469.9	527.4	534.8	634.8	711.0
Other projects	1 791.9	3 016.4	6 991.7	8 515.2	6 943.2	7 597.2	4 285.1
<b>Total expense</b>	<b>6 644.8</b>	<b>9 135.8</b>	<b>15 991.7</b>	<b>21 776.5</b>	<b>18 643.7</b>	<b>20 902.4</b>	<b>15 288.3</b>

**Table 33.19 Road Accident Fund (RAF): Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>88.1</b>	<b>264.4</b>	<b>182.7</b>	<b>560.6</b>	<b>56.1</b>	<b>28.8</b>	<b>50.7</b>
<i>Other non-tax revenue</i>	88.1	264.4	182.7	560.6	56.1	28.8	50.7
<b>Transfers received</b>	<b>8 053.9</b>	<b>7 012.8</b>	<b>8 222.0</b>	<b>11 178.6</b>	<b>12 422.5</b>	<b>13 928.7</b>	<b>15 115.7</b>
<b>Total revenue</b>	<b>8 142.0</b>	<b>7 277.2</b>	<b>8 404.7</b>	<b>11 739.2</b>	<b>12 478.6</b>	<b>13 957.5</b>	<b>15 166.4</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>489.6</b>	<b>505.6</b>	<b>587.6</b>	<b>883.4</b>	<b>1 226.5</b>	<b>1 434.5</b>	<b>1 671.5</b>
Compensation of employees	349.6	397.1	426.1	529.0	634.0	724.9	828.9
Goods and services	125.2	104.7	148.8	284.6	480.0	553.4	638.3
Depreciation	14.9	3.7	12.6	69.8	112.5	156.2	204.3
Interest, dividends and rent on land	0.0	0.0	0.1	0.0	0.0	0.0	0.0
<b>Transfers and subsidies</b>	<b>6 155.2</b>	<b>8 630.2</b>	<b>15 404.1</b>	<b>20 893.1</b>	<b>17 417.3</b>	<b>19 467.9</b>	<b>13 616.8</b>
<b>Total expenses</b>	<b>6 644.8</b>	<b>9 135.8</b>	<b>15 991.7</b>	<b>21 776.5</b>	<b>18 643.7</b>	<b>20 902.4</b>	<b>15 288.3</b>
<b>Surplus / (Deficit)</b>	<b>1 497.2</b>	<b>(1 858.6)</b>	<b>(7 586.9)</b>	<b>(10 037.3)</b>	<b>(6 165.2)</b>	<b>(6 944.9)</b>	<b>(121.9)</b>
<b>Statement of financial position</b>							
Carrying value of assets	57.8	131.0	129.5	258.4	384.5	460.9	499.2
<i>of which: Acquisition of assets</i>	10.0	18.2	97.5	211.0	270.9	294.9	342.3
Inventory	–	–	2.1	2.3	2.5	2.8	3.0
Receivables and prepayments	610.2	1 672.3	1 972.9	2 086.0	2 814.1	3 313.8	3 597.7
Cash and cash equivalents	3 691.7	2 404.4	1 192.4	816.6	134.6	314.3	525.5
<b>Total assets</b>	<b>4 359.7</b>	<b>4 207.6</b>	<b>3 296.9</b>	<b>3 163.3</b>	<b>3 335.8</b>	<b>4 091.8</b>	<b>4 625.4</b>
Accumulated surplus/deficit	(17 905.3)	(20 299.7)	(27 886.7)	(37 924.0)	(44 089.1)	(51 034.0)	(51 155.9)
Capital and reserves	58.9	58.9	58.9	58.9	58.9	58.9	58.9
Post-retirement benefits	–	20.2	22.0	27.3	32.7	37.4	42.8
Trade and other payables	795.7	105.7	381.7	436.2	487.5	516.8	547.8
Provisions	58.9	190.6	271.4	405.9	464.9	534.7	538.8
Provisions for outstanding claims	21 351.5	23 935.4	30 339.5	40 159.0	46 380.9	53 978.0	54 593.1
Liabilities not classified elsewhere	–	196.5	110.1	–	–	–	–
<b>Total equity and liabilities</b>	<b>4 359.7</b>	<b>4 207.6</b>	<b>3 296.9</b>	<b>3 163.3</b>	<b>3 335.8</b>	<b>4 091.8</b>	<b>4 625.4</b>

## Expenditure trends

The administration expenditure increases significantly in 2009 as the major portion of the costs relating to the turnaround strategy is incurred. This includes depreciation on new systems acquired. Marketing costs have also increased substantially due to a drive to encourage accident victims to claim directly from the Road Accident Fund, thus saving a substantial portion of the legal costs that are currently being paid to attorneys. Cost relating to compensation of employees is based on the consumer price index of 10.1 per cent plus 2 per cent for 2010/11 to 2011/2012. This includes an increase in staff of around 5 per cent per year for the same period.

The impact of the Road Accident Fund Amendment Act (2005), according to which liabilities are limited, will not immediately reflect in expenditure trends as these claims remain unreported for up to three years. Transfers and subsidies will decrease considerably in 2011/12.

From 2005/06 to 2008/09, expenditure increased at an average annual rate of 48.5 per cent, but is expected to decrease by 11.1 per cent from 2008/09 to 2011/12 due to the impact of the RAF Amendment Act, 2005.

Revenue increases at 13 per cent between 2005/06 and 2008/09 and is expected to increase at 8.9 per cent over the MTEF, the latter due to an increase of 17.5 cents per litre in 2009/10 to the fuel levy.

## Airports Company of South Africa

### Strategic overview: 2005/06 – 2011/12

The Airports Company of South Africa is regulated in terms of the Airports Company Act (1993) and the Companies Act (1973) and is listed as a schedule 2 public entity in terms of the Public Finance Management Act (1999). Its core function is to facilitate the movement of air passengers and goods at South Africa's airports.

The act requires the Airports Company to submit a five-year business plan and budget on a three-yearly basis. Permission to levy charges for aeronautical services provided by the company is issued by the regulating committee on the basis of the permission application. The application for 2008 to 2012 has been approved by the industry regulator.

The key focus over the MTEF period is to improve the availability, reliability, safety and security of airport infrastructure and transport services in response to the rapidly growing demand. At the end of 2011/12, the 10 airports in the company's network should be able to provide for 44.4 million passengers, representing a 28.5 per cent increase on 2007/08, and manage 611 631 aircraft landings, representing a 17.8 per cent increase compared with 2007/08.

### Selected performance and operations indicators

**Table 33.20 Airports Company of South Africa**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Cost to income efficiency ratio	54	54	63	55	49	43	41
Achieve efficiency factor: approved tariff as factor of revenue	2	2	2	2	2	2	2
Corporate social investment	R4.7m	R7.5m	R24.1m	R31.2m	R34.9m	R42.1m	R46.3m

### Service delivery and spending focus

The Airports Company of South Africa handled 36.2 million passengers in 2008, representing a 10.3 per cent year-on-year increase. Commercial revenue increased by 18.7 per cent.

Infrastructure investments included the new greenfield airport at La Mercy in KwaZulu-Natal to the value of R6.7 billion, the opening of the central terminal building at OR Tambo International Airport to the value of R2.3 billion, the expansion at George Airport, and the international runway refurbishment at Cape Town International Airport.

A substantial value enhancement has been made in the Airports Company's investment in Mumbai International Airport during 2007/08 through the provision of a quality management system, airports operational control centres and improvements to the operational environment.

The Airports Company of South Africa received the 2007 airports service quality award for best three airports in the Africa region by Airports Council International.

## Expenditure estimates

Table 33.21 Airports Company of South Africa (ACSA): Activity information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Financing activities	135.0	303.7	439.3	852.8	1 495.1	1 761.9	1 391.3
Use of assets (depreciation)	378.1	454.9	581.6	672.7	895.5	1 071.3	1 013.0
Repairs and maintenance activity	101.6	109.8	126.5	147.1	148.6	166.7	175.7
Security services activity	59.3	68.3	83.9	108.1	105.9	122.5	129.1
Payroll, support and other airport operations activities	596.2	687.5	818.4	1 027.3	1 062.6	1 254.2	1 227.1
Other activities	322.8	493.1	342.7	237.6	299.5	559.7	713.8
<b>Total expense</b>	<b>1 593.0</b>	<b>2 117.4</b>	<b>2 392.4</b>	<b>3 045.6</b>	<b>4 007.2</b>	<b>4 936.4</b>	<b>4 650.0</b>

Table 33.22 Airports Company of South Africa (ACSA): Financial information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>2 213.8</b>	<b>2 771.2</b>	<b>2 936.9</b>	<b>3 618.6</b>	<b>4 617.5</b>	<b>6 188.4</b>	<b>6 291.2</b>
Sale of goods and services other than capital assets <i>of which:</i>	2 122.4	2 497.9	2 667.1	3 618.6	4 617.5	6 188.4	6 291.2
<i>Sales by market establishments</i>	2 116.5	2 490.4	2 657.9	3 009.6	3 708.9	6 016.4	6 099.2
<i>Other sales</i>	5.9	7.5	9.2	608.9	908.6	172.0	192.0
<i>Other non-tax revenue</i>	91.4	273.3	269.7	—	—	—	—
<b>Total revenue</b>	<b>2 213.8</b>	<b>2 771.2</b>	<b>2 936.9</b>	<b>3 618.6</b>	<b>4 617.5</b>	<b>6 188.4</b>	<b>6 291.2</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>1 286.7</b>	<b>1 644.7</b>	<b>2 126.3</b>	<b>2 851.4</b>	<b>3 753.5</b>	<b>4 425.9</b>	<b>3 988.1</b>
Compensation of employees	313.3	376.0	455.4	583.2	598.4	660.9	696.6
Goods and services	460.2	510.1	650.0	742.7	764.6	931.7	887.2
Depreciation	378.1	454.9	581.6	672.7	895.5	1 071.3	1 013.0
Interest, dividends and rent on land	135.0	303.7	439.3	852.8	1 495.1	1 761.9	1 391.3
<b>Total expenses</b>	<b>1 593.0</b>	<b>2 117.4</b>	<b>2 392.4</b>	<b>3 045.6</b>	<b>4 007.2</b>	<b>4 936.4</b>	<b>4 650.0</b>
<b>Surplus / (Deficit)</b>	<b>620.8</b>	<b>653.8</b>	<b>544.5</b>	<b>573.0</b>	<b>610.3</b>	<b>1 252.1</b>	<b>1 641.1</b>
<b>Statement of financial position</b>							
Carrying value of assets	7 924.8	9 176.1	13 300.4	18 742.1	21 572.0	19 592.8	19 608.2
<i>of which: Acquisition of assets</i>	1 236.9	1 715.4	4 528.0	6 114.4	3 725.4	1 179.8	1 028.4
Investments	169.7	125.2	202.7	546.1	546.1	546.1	546.1
Inventory	1.5	1.9	1.8	3.2	3.2	3.2	3.2
Receivables and prepayments	514.5	494.2	998.0	371.0	508.1	741.7	752.0
Cash and cash equivalents	1 332.0	1 905.1	16.9	150.5	185.4	300.8	305.0
Assets not classified elsewhere	—	—	—	57.5	57.5	57.5	57.5
<b>Total assets</b>	<b>9 942.6</b>	<b>11 702.5</b>	<b>14 519.9</b>	<b>19 870.4</b>	<b>22 872.2</b>	<b>21 242.1</b>	<b>21 271.9</b>
Accumulated surplus/deficit	6 243.3	5 678.6	6 088.9	6 814.6	7 467.0	8 914.6	10 955.7
Borrowings	2 854.6	5 233.6	5 193.7	10 594.5	13 180.4	10 520.3	7 961.4
Post-retirement benefits	38.8	57.8	70.5	70.5	70.5	70.5	70.5
Trade and other payables	774.1	692.1	2 054.6	1 125.5	829.5	102.6	419.4
Provisions	31.8	40.4	48.0	—	—	—	—
Liabilities not classified elsewhere	—	—	1 064.3	1 265.3	1 324.9	1 634.1	1 864.9
<b>Total equity and liabilities</b>	<b>9 942.6</b>	<b>11 702.5</b>	<b>14 519.9</b>	<b>19 870.4</b>	<b>22 872.2</b>	<b>21 242.1</b>	<b>21 271.9</b>



## Expenditure trends

From 2005/06 to 2008/09 revenue grew from R2.2 billion to R3.6 billion, at an average annual rate of 17.8 per cent. It is expected to increase from R3.6 billion in 2008/09 to R6.3 billion in 2011/12, at an average annual rate of 20.2 per cent, mostly driven by growth in non-aeronautical revenue such as property, parking, car hire and advertising. The company's main expenditure item in 2008/09 is interest, dividends and rent on land, which increases from R135 million in 2005/06 to R853 million in 2008/09, and is expected to increase at an average annual rate of 17.7 per cent over the MTEF period to R1.4 billion in 2011/12.

Borrowings have increased from R2.9 billion in 2005/06 to R10.6 billion in 2008/09 to provide for the expansion of airport infrastructure. Personnel expenditure increased at an average annual rate of 23 per cent between 2005/06 and 2008/09 to provide for a greater focus on customer service.

In 2006/07, the Airports Company of South Africa paid dividends of R898.9 million to the department, which included a special dividend of R667.6 million to government after the sale of shares to the Public Investment Corporation. This payment is reflected in the decrease in capital and reserves for 2007/08.

The company is expecting to exceed its budgeted profit for the year. Moreover, it will continue its efforts to expand infrastructure through developments at OR Tambo, Cape Town and Durban international airports.

## Air Traffic and Navigation Services Company

### Strategic overview: 2005/06-2011/12

The Air Traffic and Navigation Services Company was established in terms of the Air Traffic and Navigation Services Act (1993). Its core mandate is to provide safe, orderly and efficient air traffic and navigational and associated services.

Over the MTEF period, the company will prioritise the ongoing improvement of its safety performance. It aims to reduce the safety ratio from 3.5 to 2.5 incidents per 100 000 movements.

Providing efficient air navigation services to meet demand remains a critical component of the company's work. This means exceeding the equipment availability targets set by the International Civil Aviation Organisation and achieving systems availability levels of 99.7 per cent for communication, 99.3 per cent for navigation and 99.4 per cent for surveillance equipment. To meet these requirements, expenditure on maintenance and telecommunication expenses accounted for 46.3 per cent of non-personnel expenditure.

The Air Traffic and Navigation Services Company plays a leading role in the development of air navigation services in Africa. The company will advance human resource development over the MTEF period to ensure sufficient numbers of highly trained personnel in the aviation sector.

### Selected performance and operations indicators

**Table 33.23 Air Traffic and Navigation Services Company**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Achieve safety performance: Safety incidents / 100 000 movements	3.6	3.5	3.5	3	3	2.5	2.5
Capacity improvement at OR Tambo to increase runway throughput/hour	52	56	56	60	60	60	60
Air traffic controllers vacancy rate (percentage)	13.28%	7.29%	12.5%	16.83%	13.14%	13.47%	12.32%

### Service delivery and spending focus

Both SADC VSAT II and Nafisat satellites were installed in 2007/08, providing communication between 26 African countries, improving safety and reducing air transport costs.

The retention strategy has led to an increase of 14 air traffic controllers and 24 external recruits.

The civil works for the advanced surface movement guidance and control system were completed and installed in 2008 to reduce weather related delays.



Investments in navigation technology include the Atlantic Ocean routing area, radar systems for East London, Port Elizabeth and the design of the air traffic control centre for La Mercy airport in KwaZulu-Natal.

The average delay per flight was on average 2 seconds per delayed flight. In 2007/08, safety events stabilised at 3.5 events per 100 000 movements and the target over the MTEF remains 2.5 events per 100 000.

Over the MTEF period, the Air Traffic and Navigation Services Company will complete the development of a new high frequency transmitter site, the installation and commissioning of the George radar, and the advance surface movement guidance and control system at both the OR Tambo and Cape Town International Airports. The initial requirements for performance based navigation will be implemented by 2012.

## Expenditure estimates

**Table 33.24 Air Traffic and Navigation Services Company (ATNSC): Project information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
ATNS	434.6	475.8	555.5	572.4	725.3	804.8	899.0
ATA	20.1	30.0	26.1	35.4	46.1	49.1	49.1
VSAT	6.4	10.4	9.8	12.0	20.0	21.7	23.6
Nafisat	–	–	–	10.7	19.1	19.7	21.3
<b>Total expense</b>	<b>461.0</b>	<b>516.2</b>	<b>591.5</b>	<b>630.4</b>	<b>810.5</b>	<b>895.3</b>	<b>993.1</b>

**Table 33.25 Air Traffic and Navigation Services Company (ATNSC): Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>559.0</b>	<b>592.7</b>	<b>637.3</b>	<b>651.8</b>	<b>864.4</b>	<b>1 073.6</b>	<b>1 192.6</b>
Sale of goods and services other than capital assets	536.6	562.3	616.4	614.8	810.8	1 010.0	1 124.4
of which:							
Sales by market establishments	536.6	562.3	616.4	614.8	810.8	1 010.0	1 124.4
Other non-tax revenue	22.5	30.4	20.9	37.0	53.6	63.7	68.2
<b>Total revenue</b>	<b>559.0</b>	<b>592.7</b>	<b>637.3</b>	<b>651.8</b>	<b>864.4</b>	<b>1 073.6</b>	<b>1 192.6</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>413.3</b>	<b>473.3</b>	<b>548.0</b>	<b>630.4</b>	<b>810.5</b>	<b>895.3</b>	<b>993.1</b>
Compensation of employees	211.3	251.3	305.5	360.2	475.6	508.6	546.4
Goods and services	121.0	126.1	132.4	154.9	198.8	210.7	226.9
Depreciation	74.7	83.8	71.8	88.2	105.6	126.3	147.6
Interest, dividends and rent on land	6.2	12.1	38.4	27.1	30.6	49.7	72.1
<b>Transfers and subsidies</b>	<b>10.6</b>	<b>10.9</b>	<b>14.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total expenses</b>	<b>461.0</b>	<b>516.2</b>	<b>591.5</b>	<b>630.4</b>	<b>810.5</b>	<b>895.3</b>	<b>993.1</b>
<b>Surplus / (Deficit)</b>	<b>98.0</b>	<b>76.5</b>	<b>45.8</b>	<b>21.4</b>	<b>53.9</b>	<b>178.4</b>	<b>199.6</b>
<b>Statement of financial position</b>							
Carrying value of assets	638.1	772.7	937.2	1 001.9	1 107.5	1 254.6	1 383.9
of which: Acquisition of assets	133.5	212.2	223.7	153.0	211.1	273.4	276.9
Investments	10.5	11.9	13.2	13.3	13.4	13.4	13.5
Inventory	0.6	0.7	0.6	0.7	1.0	1.1	1.1
Receivables and prepayments	71.4	71.7	76.3	95.8	126.4	156.9	173.7
Cash and cash equivalents	171.3	82.2	45.4	9.7	2.4	14.3	62.1
<b>Total assets</b>	<b>891.9</b>	<b>939.3</b>	<b>1 072.7</b>	<b>1 121.5</b>	<b>1 250.6</b>	<b>1 440.3</b>	<b>1 634.4</b>
Accumulated surplus/deficit	564.7	641.2	686.9	702.3	741.1	869.5	1 013.2
Borrowings	228.1	169.2	261.0	309.1	374.0	426.5	472.2
Trade and other payables	65.8	98.1	90.3	75.9	95.4	106.1	113.0
Provisions	33.3	30.9	34.4	34.2	40.2	38.2	36.0
<b>Total equity and liabilities</b>	<b>891.9</b>	<b>939.3</b>	<b>1 072.7</b>	<b>1 121.5</b>	<b>1 250.6</b>	<b>1 440.3</b>	<b>1 634.4</b>

### Expenditure trends

Revenue grew from R559 million in 2005/06 to R651.8 million in 2008/09 at an average annual rate of 5.3 per cent. It is expected to increase by a further 22.3 per cent over the MTEF period due to increases in global and national air travel from which the company derives 96 per cent of its revenue. From 2005/06 to 2008/09, expenditure increased by 11% from R461 million to R630.4 million. An average annual growth rate of 16.4 per cent will result in expenditure of R993 million in 2011/12.

Salaries have increased at an average annual rate of 19.5 per cent from 2005/06 to 2008/09 and are expected to increase by 52 per cent over the MTEF period at an average annual rate of 14.9 per cent. The increase in salary cost is a combination of annual salary increases, increases in the number of employees and increase in staff retention packages.

Travelling expenses are expected to increase by 64 per cent over the next three-year period and on average by 16 per cent per year. The increase in travelling expenses is mainly due to an increase in travel for training purposes. Telecommunication expenses are expected to increase by 53 per cent over the MTEF period. The increase in telecommunication expenses is mainly due to the additional satellite expenses. Electronic maintenance is expected to increase by 77 per cent over the next three years due to an increase in the number of maintenance and support contracts.

Depreciation is expected to increase by 67 per cent over the medium term, mainly due to the increase in capital expenditure over the past years. The increase in total funding is mainly due to additional loans required to fund capital expenditure as well as the higher interest rates.

## Additional tables

**Table 33.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	144.4	144.4	182.3	170.5	74.6	245.2	236.7
2. Transport Policy and Economic Regulation	33.3	31.5	17.6	37.7	9.5	47.2	24.4
3. Transport Regulation and Accident and Incident Investigation	243.8	231.4	209.6	255.9	176.7	432.6	428.6
4. Integrated Planning and Inter-sphere Co-ordination	5 379.9	5 382.0	5 226.2	7 769.5	997.6	8 767.0	8 460.0
5. Transport Logistics and Corridor Development	16.4	20.7	13.0	22.2	12.9	35.1	25.5
6. Public Transport	9 895.2	10 559.2	10 516.6	12 073.5	203.8	12 277.2	12 281.7
7. Public Entity Oversight and Border Operations and Control	144.8	174.7	166.4	179.3	2 509.3	2 688.6	2 685.5
<b>Total</b>	<b>15 857.9</b>	<b>16 543.9</b>	<b>16 331.6</b>	<b>20 508.5</b>	<b>3 984.3</b>	<b>24 492.8</b>	<b>24 142.3</b>

### Economic classification

<b>Current payments</b>	<b>722.7</b>	<b>757.1</b>	<b>580.1</b>	<b>790.7</b>	<b>253.7</b>	<b>1 044.4</b>	<b>985.0</b>
Compensation of employees	180.8	180.8	131.3	196.2	34.0	230.2	186.0
Goods and services	541.8	576.2	441.7	594.5	219.7	814.2	798.9
Financial transactions in assets and liabilities	–	–	7.1	–	–	–	0.0
<b>Transfers and subsidies</b>	<b>15 093.7</b>	<b>15 744.7</b>	<b>15 748.3</b>	<b>19 675.5</b>	<b>3 769.4</b>	<b>23 445.0</b>	<b>23 151.3</b>
Provinces and municipalities	4 203.4	4 203.4	4 203.4	6 436.0	1 083.2	7 519.2	7 219.2
Departmental agencies and accounts	3 667.2	3 678.3	3 688.9	4 342.8	2 485.7	6 828.5	6 834.5
Universities and technikons	7.4	7.4	9.2	7.8	–	7.8	7.8
Public corporations and private enterprises	6 967.2	7 267.2	7 267.2	8 410.9	200.5	8 611.4	8 611.4
Foreign governments and international organisations	4.6	5.5	3.6	4.9	–	4.9	4.9
Non-profit institutions	12.8	12.8	3.8	14.1	–	14.1	14.1
Households	231.1	570.1	572.2	459.1	–	459.1	459.5
<b>Payments for capital assets</b>	<b>41.5</b>	<b>42.1</b>	<b>3.2</b>	<b>42.3</b>	<b>(38.8)</b>	<b>3.5</b>	<b>6.0</b>
Buildings and other fixed structures	38.2	38.2	–	38.8	(38.8)	–	–
Machinery and equipment	3.3	3.9	3.2	3.5	–	3.5	6.0
<b>Total</b>	<b>15 857.9</b>	<b>16 543.9</b>	<b>16 331.6</b>	<b>20 508.5</b>	<b>3 984.3</b>	<b>24 492.8</b>	<b>24 142.3</b>

**Table 33.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	96.5	110.8	130.9	229.8	212.4	208.4	220.8
Unit cost (R million)	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Personnel numbers (head count)	504	574	622	679	670	670	670
<b>Interns</b>							
Compensation of interns (R million)	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	12	28	30	35	40	40	40
<b>Total for department</b>							
Compensation (R million)	96.9	111.2	131.3	230.2	212.8	208.9	221.3
Unit cost (R million)	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Personnel numbers (head count)	516	602	652	714	710	710	710

**Table 33.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	96.9	143.7	131.3	230.2	214.2	210.9	223.4
Training expenditure (R million)	2.9	3.0	3.2	1.8	3.9	4.0	4.0
Training as percentage of compensation	3.0%	2.1%	2.5%	0.8%	1.8%	1.9%	1.8%
Total number trained in department (head count)	217	240	317	347			
of which:							
Employees receiving bursaries (head count)	132	160	140	28			
Learnerships trained (head count)	14	7	7	6			
Internships trained (head count)	52	55	51	46			
Households receiving bursaries (R million)	–	–	–	0.0	–	–	–
Households receiving bursaries (head count)	–	–	–	2 200			

**Table 33.D Summary of conditional grants to provinces and municipalities<sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Conditional grants to provinces</b>							
<b>4. Integrated Planning and Inter-sphere Co-ordination</b>							
Sani Pass Road Grant	–	–	–	30.0	34.3	–	–
Overload Control Grant	–	–	–	8.8	10.1	11.0	–
Transport Disaster Management Grant	–	–	–	1 035.5	–	–	–
<b>6. Public Transport</b>							
Gautrain rapid rail link grant	–	3 241.0	3 029.4	3 266.0	2 832.7	340.7	–
Public Transport Operations Grant	–	–	–	–	3 531.9	3 863.0	4 153.2
<b>Total</b>	<b>–</b>	<b>3 241.0</b>	<b>3 029.4</b>	<b>4 340.3</b>	<b>6 409.0</b>	<b>4 214.7</b>	<b>4 153.2</b>
<b>Conditional grants to municipalities</b>							
<b>4. Integrated Planning and Inter-sphere Co-ordination</b>							
Public transport infrastructure and systems grant	241.7	518.0	1 174.0	3 170.0	2 418.2	4 289.8	5 149.0
Rural Transport Grant	–	–	–	8.9	9.8	10.4	11.1
<b>Total</b>	<b>241.7</b>	<b>518.0</b>	<b>1 174.0</b>	<b>3 178.9</b>	<b>2 428.0</b>	<b>4 300.2</b>	<b>5 160.1</b>

1. Detail provided in the Division of Revenue Act (2009)

**Table 33.E Summary of departmental public private partnership projects**

Project description: National fleet project		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million				2008/09	2009/10	2010/11
Projects signed in terms of Treasury Regulation 16		–	4.2	4.4	4.7	4.9
PPP unitary charge		–	4.2	4.4	4.7	4.9
Total		–	4.2	4.4	4.7	4.9

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	National Fleet Project
Brief description	Provision of Fleet Management Services
Date PPP agreement was signed	October 2006
Duration of PPP agreement	5 Years
Escalation index for unitary fee	5
Variations / amendments to PPP agreement	None
Cost implications of variations/amendments	None. In the event of a material breach by the department of transport, the private party may seek the difference between the value of the vehicle and any finance outstanding.

Table 33.F Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
<b>Foreign</b>												
<b>In cash</b>												
Global Environmental Fund (GEF)	Sustainable public transport and sport	Integrated planning and inter-sphere coordination	82 541	Transfers to provinces and municipalities	Supporting transport improvements in seven 2010 Soccer World Cup cities	–	–	–	11 947	53 146	15 341	2 106
<b>Total</b>			<b>82 541</b>			<b>–</b>	<b>–</b>	<b>–</b>	<b>11 947</b>	<b>53 146</b>	<b>15 341</b>	<b>2 106</b>

Table 33.G Summary of expenditure on infrastructure

Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
				2005/06	2006/07	2007/08		2009/10	2010/11	2011/12	
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)											
R million	South African National Roads Agency Ltd		–	565.3	833.0	1 429.4	1 806.9	2 841.5	4 065.2	5 062.6	
	South African Rail Commuter Corporation		–	688.3	1 029.6	1 696.1	2 367.7	3 831.8	4 813.3	5 566.8	
	Gautrain rapid rail link		–	–	3 241.0	3 029.4	3 266.0	2 832.7	340.7	–	
	Public transport infrastructure and systems grant		–	241.7	518.0	1 174.0	3 170.0	2 418.2	4 289.8	5 149.0	
Total			–	1 495.3	5 621.6	7 328.8	10 610.6	11 924.1	13 508.9	15 778.3	



# Vote 34

## Water Affairs and Forestry

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	795.4	750.8	9.5	35.1	857.4	893.6
Water Resources Management	3 895.8	1 514.7	2 338.9	42.2	4 352.6	4 917.8
Water Services	2 717.0	706.6	982.6	1 027.9	2 560.2	3 068.6
Forestry	485.6	469.9	6.7	9.1	522.7	583.1
<b>Total expenditure estimates</b>	<b>7 893.8</b>	<b>3 441.9</b>	<b>3 337.7</b>	<b>1 114.2</b>	<b>8 292.9</b>	<b>9 463.1</b>
Executive authority	Minister of Water Affairs and Forestry					
Accounting officer	Director-General Water Affairs and Forestry					
Website address	www.dwaf.gov.za					

### Aim

*The aim of the Department of Water Affairs and Forestry is to ensure the availability and supply of water at national level, facilitate equitable and sustainable social and economic development, ensure the universal and efficient supply of water services at local level, and promote the sustainable management of forests.*

### Programme purposes and objectives

#### Programme 1: Administration

**Purpose:** Provide policy leadership, advice and core support services, including finance, human resources, legal, information and management services, communication and corporate planning.

#### Programme 2: Water Resources Management

**Purpose:** Ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner for the benefit of all people.

#### Programme 3: Water Services

**Purpose:** Ensure that all people in South Africa have access to an adequate, sustainable, viable, safe, appropriate and affordable water and sanitation services, use water wisely, and practise safe sanitation.

#### Programme 4: Forestry

**Purpose:** Ensure the sustainable management of the department's plantations and indigenous forests, in order to realise their optimal social, environmental and economic benefits. Promote rural development through policy development, regulation, facilitation, and monitoring and evaluation.



## Strategic overview: 2005/06 – 2011/12

The Department of Water Affairs and Forestry is the custodian of South Africa's water and forestry resources and is responsible for formulating and implementing policy governing these two sectors. The department is also responsible for water and sanitation services delivered by local government.

### Focus over the medium term

Over the MTEF period, the department continues to focus on: meeting water and sanitation targets; managing South Africa's scarce water resources for long term sustainability; improving the regulatory and institutional environment; spearheading transformation in the water sector; supporting the development of water resources infrastructure; and growing the forestry sector and broadening participation through the implementation of the Forest Sector Transformation Charter.

### Water

Over the past 14 years, substantial progress has been made by the water sector in providing universal access to water and sanitation in South Africa. Access to basic water infrastructure has increased from 59 per cent in April 1994 to 88 per cent at the end of March 2008, and access to basic sanitation grew from 48 per cent to 73 per cent.

Despite these improvements, ongoing challenges include: coordinating the implementation of water policy within current intergovernmental structures and in the context of weak local government capacity; ensuring equity in access to water for domestic and productive uses; curbing unlawful water use; maintaining existing water resource infrastructure; enforcing raw and drinking water quality standards; and reducing forest fires through regulation.

#### *National water resource strategy*

The national water resource strategy is an assessment of the supply demand ratio in relation to water resources, and was initiated in 2004. The assessment is conducted on a five-yearly basis in each of South Africa's 19 water management areas. The national water resource strategy also proposes options for increasing the supply of water in each water management area. The national water resource strategy determines how water resources will be protected, used, managed and conserved. The strategy will be revised to reflect the current water situation in the country. Elevating the status of water as a scarce and vulnerable resource requires the department to strengthen its regulatory role, provide support and guidance to relevant stakeholders, and influence the behaviour of economic sectors. In ensuring that water supply is of the appropriate quality for consumption and productive use, the department is finalising the water classification system and regulations.

#### *Framework for ensuring growth and development in the water sector*

The framework for growth and development in the water sector, developed in 2008, aims to address specific challenges associated with water resource availability to enable projected economic growth and social service delivery programmes. The framework ensures water security up to 2030. It looks at a number of aspects of water, including its availability, usage, threats and people's behaviour. It is premised on the 6 per cent economic growth target, while aiming to ensure that every person in South Africa has access to safe drinking water. These two goals must be achieved without compromising the environmental sustainability of the resource. The department is undertaking rigorous studies on water reconciliation to achieve a balance in supply and demand for both water scarce areas as well as areas where there are high levels of use. As part of the implementation of the framework, the department will explore the conversion of single purpose dams that were originally built for agricultural purposes only, to accelerate the access to water by communities located near these dams.

#### *Water management institutions*

Through the institutional realignment project, the department has begun to rationalise water management institutions. The originally planned 19 catchment management agencies have been reduced to 9, and will fall under the department's leadership and control. One of the primary objectives of the institutional realignment project is to rationalise the number of institutions reporting to the Minister of Water Affairs and Forestry and the

department for effective regulation and accountability in the implementation of the National Water Act (1998) and the Water Services Act (1997). New proposals for institutional models have been developed, and are awaiting further consultation within the sector and approval within the department. It is anticipated that these processes will be completed in 2009. These rationalised and streamlined institutions will ensure that water resources infrastructure will be developed, operated and maintained in a way that takes into account enterprise wide risk management, improved asset maintenance and management programmes; and improved revenue management.

### *Water services*

In addition to the framework on water for growth and development, the implementation of the strategic framework for water services continues. Water service functions are performed by the water services authorities, municipalities designated as water service authorities in terms of the Water Services Act. There are 145 water service authorities and it is the duty of each one to ensure that all citizens within its area of jurisdiction have efficient, economical affordable and sustainable water services in terms of section 11 of the Water Services Act (1997). The significant developments in the sector since the act was passed, such as recent policy and legislation as well as legal developments, particularly in the sphere of local government, have prompted the need for a review of the act. The new National Water Services Bill has been drafted and is currently awaiting the completion of the restructuring of a number of catchment management agencies.

### **Forestry**

In consultation with the industry, the department has developed a draft forestry strategy, which will serve as a roadmap for the effective and sustainable development of all forestry resources. The strategy will help the forestry sector to address its constraints and challenges and contribute to job creation and the conservation of biological diversity.

A number of strategic interventions were identified in the draft forestry strategy. These include expanding South African forests through afforestation, securing the supply for downstream processing capacity, promoting the participation of rural and disadvantaged communities in the sector, improving skills development, supporting the conservation of the biological diversity of forests, along with environmental sustainability, building the profile of forestry as a sector, and facilitating the sustained availability of timber.

The Forestry Sector Charter was signed in May 2008, following extensive consultation with the industry, labour and other stakeholders. The charter aims to increase the participation of historically disadvantaged individuals and enterprises in the forestry value chain, thus contributing to transformation and poverty alleviation. Over the medium term, the department will implement the charter by accelerating the development of viable enterprises that comply with broad based black economic empowerment (BEE) charter targets and fast tracking forest enterprise development projects.

## **Selected performance and operations indicators**

**Table 34.1 Water Affairs and Forestry**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of additional people provided with basic water supply by water services authorities	Water Services	1 million	1.25 million	1.27 million	1.08 million	1.2 million	1.2 million	1.2 million
Number of additional people provided with basic sanitation by water services authorities	Water Services	710 000	960 000	1.1 million	1 1 million	1.3 million	2 million	2 million
Number of new water management areas in which compulsory licensing processes have been completed	Water Resources Management	–	–	–	2	5	5	
Number of additional schools with no services provided with safe water supply and sanitation services	Water Services	–	–	120	1 434	1 200		

**Table 34.1 Water Affairs and Forestry (continued)**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Percentage of population with access to free basic water services	Water Services	71%	74.4%	76.8%	82%	89%	95%	100%
Number of bulk infrastructure schemes implemented	Water Services	–	–	31	32	45	49	53
Number of new reconciliation strategies developed to ensure water security	Water Resources Management	–	–	3	5	8	10	10
Number of additional water monitoring stations managed for data collection	Water Resources Management	1 600	1 600	1 600	2 000	2 050	2 200	3 000
Number of water licences issued each year	Water Resources Management	254	185	90	80	200	250	350
Number of additional rainwater harvesting tanks distributed	Water Resources Management	–	54	500	300	5 000	10 000	20 000
Number of additional resource poor farmers supported through subsidies	Water Resources Management	–	–	300	30	360	450	500
Total number of municipalities implementing water conservation and water demand management	Water Resources Management	–	–	8	50	80	100	150
Number of additional forest enterprise development projects supported by the department	Forestry	45	33	26	44	62	80	98
Number of additional hectares planted (afforestation)	Forestry	1 100	1 230	542	5 000	8 000	10 000	10 000
Number of trees planted in the Million Trees programme each year	Forestry	100 000	275 000	899 000	1 million	1 million	1 million	1 million
Number of additional license applications processed in terms of National Forests Act (1998)	Forestry	700	740	800	865	865	865	1 000
Percentage hectares of high and medium fire risk areas covered by registered fire protection associations (measured out of a total of 86 million hectares)	Forestry	5% (4.3 million)	20% (17.2 million)	35% (30.1 million)	45% (38.7 million)	60% (51.6 million)	70% (60.2 million)	80% (68.8 million)

## Expenditure estimates

**Table 34.2 Water Affairs and Forestry**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	365.3	537.2	601.2	591.7	585.8	795.4	857.4	893.6
2. Water Resources Management	1 506.8	1 872.5	2 466.2	3 528.1	3 028.1	3 895.8	4 352.6	4 917.8
3. Water Services	1 511.0	1 454.8	1 866.9	2 423.8	2 363.8	2 717.0	2 560.2	3 068.6
4. Forestry	420.9	441.2	451.1	493.0	489.0	485.6	522.7	583.1
<b>Total</b>	<b>3 804.0</b>	<b>4 305.7</b>	<b>5 385.4</b>	<b>7 036.6</b>	<b>6 466.7</b>	<b>7 893.8</b>	<b>8 292.9</b>	<b>9 463.1</b>
Change to 2008 Budget estimate				337.3	(232.6)	(75.8)	349.1	1 037.4

Table 34.2 Water Affairs and Forestry (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>2 422.6</b>	<b>2 820.1</b>	<b>2 854.2</b>	<b>3 240.0</b>	<b>3 234.1</b>	<b>3 441.9</b>	<b>4 217.9</b>	<b>4 719.3</b>
Compensation of employees	1 128.6	1 226.4	1 162.6	1 332.4	1 326.5	1 327.9	1 314.1	1 399.6
Goods and services	1 290.5	1 582.4	1 686.6	1 906.9	1 906.9	2 113.3	2 903.0	3 318.9
of which:								
Administrative fees	4.9	6.1	6.5	8.1	8.1	6.8	10.2	10.5
Advertising	9.1	12.6	11.2	8.1	8.1	12.3	13.3	13.5
Assets less than R5 000	12.8	17.2	18.0	36.8	36.8	29.3	31.5	33.2
Audit costs: External	8.5	12.2	13.8	9.2	9.2	—	—	—
Bursaries (employees)	4.0	12.9	7.1	8.2	8.2	13.1	13.6	14.1
Catering: Departmental activities	1.1	3.8	5.8	8.0	8.0	5.5	9.9	10.4
Communication	40.7	47.7	48.4	25.1	25.1	41.3	61.1	64.0
Computer services	75.2	113.0	124.0	98.9	98.9	32.3	34.9	39.1
Consultants and professional services:	397.2	196.7	227.4	371.1	371.1	286.2	542.1	799.9
Business and advisory service								
Consultants and professional services:	116.0	280.5	355.0	464.1	464.1	533.0	684.1	756.3
Infrastructure and planning								
Consultants and professional services:	0.0	2.4	0.0	0.1	0.1	0.3	2.3	2.4
Laboratory service								
Consultants and professional services:	6.7	1.0	3.5	0.1	0.1	3.5	3.7	3.9
Legal costs								
Contractors	20.7	54.7	27.3	39.6	39.6	327.4	369.2	374.1
Agency and support / outsourced services	69.1	223.9	243.7	265.2	265.2	218.7	276.4	301.7
Entertainment	0.3	0.6	0.2	2.5	2.5	1.2	2.7	2.8
Inventory: Food and food supplies	5.3	4.4	4.6	0.6	0.6	3.8	5.0	5.3
Inventory: Fuel, oil and gas	19.5	32.6	18.4	17.9	17.9	14.9	38.6	40.6
Inventory: Learner and teacher support material	—	—	—	2.2	2.2	1.8	3.9	4.1
Inventory: Materials and supplies	50.4	32.0	26.8	17.7	17.7	15.9	30.0	31.6
Inventory: Other consumables	15.5	57.8	51.9	28.5	28.5	17.4	24.0	25.5
Inventory: Stationery and printing	26.1	27.7	29.0	30.2	30.2	31.2	39.2	41.0
Lease payments	33.2	17.2	15.6	88.5	88.5	10.6	22.8	24.5
Owned and leasehold property expenditure	106.8	115.3	153.6	111.5	111.5	154.2	184.0	194.5
Transport provided: Departmental activities	0.1	0.1	0.8	0.5	0.5	3.2	3.4	3.4
Travel and subsistence	252.2	289.4	264.5	192.1	192.1	225.3	395.9	418.9
Training and development	6.8	12.0	19.9	37.3	37.3	107.4	80.1	81.2
Operating expenditure	4.0	5.7	6.2	11.3	11.3	9.2	11.4	12.1
Venues and facilities	4.1	2.7	3.2	23.3	23.3	7.4	9.4	9.9
Interest and rent on land	0.2	0.8	1.3	0.7	0.7	0.8	0.8	0.9
Financial transactions in assets and liabilities	3.3	10.4	3.7	—	—	—	—	—
<b>Transfers and subsidies</b>	<b>951.4</b>	<b>1 385.3</b>	<b>2 052.6</b>	<b>3 268.0</b>	<b>2 768.0</b>	<b>3 337.7</b>	<b>3 102.4</b>	<b>3 120.4</b>
Provinces and municipalities	167.8	386.7	732.9	994.7	994.7	978.6	570.0	380.0
Departmental agencies and accounts	670.2	827.4	1 190.2	2 196.9	1 696.9	2 120.1	2 294.7	2 498.5
Universities and technikons	—	—	—	—	—	5.0	—	—
Public corporations and private enterprises	96.4	121.7	41.7	2.7	2.7	2.7	2.8	3.0
Foreign governments and international organisations	—	3.5	0.5	0.6	0.6	180.1	180.1	180.1
Non-profit institutions	0.0	0.2	0.4	0.4	0.4	0.4	0.5	0.5
Households	17.0	45.9	86.9	72.7	72.7	50.8	54.3	58.2
<b>Payments for capital assets</b>	<b>430.0</b>	<b>100.2</b>	<b>478.6</b>	<b>528.6</b>	<b>464.6</b>	<b>1 114.2</b>	<b>972.7</b>	<b>1 623.4</b>
Buildings and other fixed structures	381.1	23.6	331.0	418.6	358.6	1 016.7	892.9	1 537.1
Machinery and equipment	35.4	65.3	44.5	59.0	55.0	68.1	64.5	70.0
Biological and cultivated assets	0.0	—	0.2	—	—	—	—	—
Software and other intangible assets	13.5	11.4	103.0	51.0	51.0	29.4	15.3	16.4
of which: Capitalised compensation	188.2	—	—	—	—	—	—	—
<b>Total</b>	<b>3 804.0</b>	<b>4 305.7</b>	<b>5 385.4</b>	<b>7 036.6</b>	<b>6 466.7</b>	<b>7 893.8</b>	<b>8 292.9</b>	<b>9 463.1</b>

## Expenditure trends

Transfers and subsidies to departmental agencies for the construction of water resource infrastructure dominate expenditure in the department's budget. Total expenditure increased from R3.8 billion in 2005/06 to R7 billion in 2008/09 at an average annual rate of 22.8 per cent. This strong growth is driven by increases in transfers and subsidies for the De Hoop Dam project, the Working for Water programme, and the development of the other bulk infrastructure in the water services industry. R260 million was rolled over from 2007/08 to 2008/09 due to delays in obtaining the environmental impact assessment for the De Hoop Dam project.

Departmental expenditure is expected to increase from R7 billion in 2008/09 to R9.5 billion in 2011/12 at an average annual rate of 10.4 per cent due to additional allocations for:

- Working for Water (R100 million for 2010/11 and R300 million for 2011/12)
- Working on Fire programmes (R50 million in 2010/11 and R100 million in 2011/12)
- continued development of bulk infrastructure (R200 million in 2010/11 and R800 million in 2011/12)
- inflation related adjustments (R139.6 million in 2009/10, R234.7 million in 2010/11, R291.7 million in 2011/12)
- capacity building (R25 million in 2010/11 and R30 million in 2011/12)
- support to forestry sector projects (R30 million in 2011/12).

The *Water Resource Management* programme is the largest programme in the department and comprises 49.4 per cent of the department's budget in 2009/10. The programme finances bulk infrastructure, and grew at an average annual rate of 32.8 per cent between 2005/06 and 2008/09, from R1.5 billion to R3.5 billion. This high growth rate is attributable to additional allocations, which were provided for the infrastructure development programme, which consists of: the Olifants River water resources development project, the dam safety rehabilitation programme, the Nwamitwa Dam, the Mokolo River augmentation, the Mzimkulu Dam, raising the Clanwilliam and Hazelmere dams, and extending the lower Sundays River.

Expenditure on compensation of employees increased in line with inflation between 2005/06 and 2008/09, growing at an annual average rate of 5.7 per cent. It is expected to increase at an average annual rate of 1.7 per cent over the MTEF period to R1.4 billion as the department transfers staff to municipalities as a result of the transfer of water schemes.

Between 2005/06 and 2008/09, goods and services increased by 13.9 per cent due to the increases in expenditure on consultants to implement infrastructure projects comprising dams, bulk infrastructure, and the water and sanitation services at schools and clinics.

### Savings and reprioritisation

Efficiency savings of R233.1 million were identified over the 2008 MTEF period: R49.3 million in 2008/09, R79.1 million in 2009/10, and R104.8 million in 2010/11. For the 2009 MTEF period, efficiency savings have been increased to R732.2 million: R207.5 million in 2009/10, R248.1 million in 2010/11, and R276.7 million in 2011/12. The bulk of savings are in goods and services across all programmes and in transfers to agencies.

### Infrastructure spending

#### *Mega infrastructure projects and programmes (over R300m)*

The allocations for the implementation phase of the De Hoop Dam project will be fully provided in the department's budget for the Orange River water resource development project. For subsequent phases, a portion of the allocation will be provided from the financial markets in accordance with cost responsibilities attributable to commercial users.

**Orange River water resource development project phase 2A:** The De Hoop Dam project aims to provide water to various communities in the Nebo Plateau area, and to mines and industry. So far, the relocation of graves has been completed, a site office has been established, and the realignment of the P-169 (R555) road is under way.

**Orange River water resource development project phase 2B-2I:** This bulk infrastructure project aims to develop distribution links to Steelpoort, Olifantspoort, the Lebalelo water users association, Roossenekal, Jane Furse, and the Nebo Plateau and Mokopane areas. A record of implementation decisions for phases 2B to 2D and 2H was issued to the Department of Water Affairs and Forestry. A draft directive to the Trans-Caledon Tunnel Authority has been prepared to fund and implement the commercial component of phases 2B to 2I. The Minister of Water Affairs and Forestry has approved and signed the memorandum of agreement addendum with individual mines and the Joint Water Forum, and a process has been initiated to draw up the associated off take agreements with the water users, which are a prerequisite for secure project funding from the private sector.

**Dam safety rehabilitation programme:** This programme provides for the rehabilitation of 160 dams in all the provinces. Over the MTEF period, 59 dams will be prioritised. The project started in 2007/08 with 7 dams. Progress on the programme has been satisfactory.

*Large infrastructure projects and programmes (between R50 million and R300 million)*

- Nandoni water treatment works and distribution scheme (60 mega litres/day) aims to supply water to the Vhembe district municipality. So far, civil structures of the water treatment works have been completed to allow access for work on the mechanical contracts. Civil work on 3 pump stations is complete. Construction of reservoir NR6 has been completed to roof level. The construction of a reservoir at Valdezia has begun.
- Nwamitwa Dam aims to provide an additional yield of 50 million m<sup>3</sup> per year to meet growing primary water supply requirements projected to 2025. This dam is still in the design phase, with geotechnical investigations, the development of the civil engineering plan for bulk infrastructure, and the scoping phase of the environmental impact assessment still under way.
- Mokolo River augmentation aims to supply 45 million m<sup>3</sup> per year to augment the water supply to Matimba power station, Grootegeeluk mine and Lephalale municipality, and for irrigation downstream of the dam. For phase 1 of the project, designs of a new pipeline from the Mokolo Dam to Lephalale are being drafted.
- Mzimkulu River off-channel storage dam will ensure a reliable water supply to the northern part of the lower south coast in dry periods.
- The raising of Clanwilliam dam will provide an additional yield of 10 million m<sup>3</sup> per year.
- The lower Sundays River government water scheme extension will extend the scheme to expand irrigation, with an emphasis on establishing and supporting resource poor farmers in identified areas.
- Inyaka pump station and water treatment works aims to provide reliable water supply of around 50 mega litres/day to the Bohlabela district municipality.

*Smaller infrastructure projects (below R50 million)*

The following small infrastructure projects are under way:

- Hluhluwe regional water scheme involves the construction of reservoirs and pipelines (12 mega litres/day)
- The raising of the Hazelmere Dam will augment the water supply to Umgeni Water.

## Departmental receipts

Receipts exclude income from water related sales, which is paid into the water trading entity. Receipts accounted for as departmental revenue include the repayment of loans granted to water boards, water user associations and local governments, interest on these loans, and revenue from the sale of wood and wood products. The increase in revenue between 2005/06 and 2006/07 is due to a once-off payment made by the Bloem Water Board to settle its loan. For 2008/09, the department is expected to collect revenue of R92 million, of which R40.1 million is from the sale of timber, R27.5 million from interest accruing on short term investments, and R24.4 million from the repayment of loans by irrigation and water boards. Revenue is expected to decrease from R92 million in 2008/9 to R83.9 million in 2011/12 because of anticipated reductions in the sale of timber.



**Table 34.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>129 308</b>	<b>183 624</b>	<b>39 142</b>	<b>92 031</b>	<b>92 031</b>	<b>91 567</b>	<b>90 729</b>	<b>83 892</b>
Sales of goods and services produced by department	48 861	51 365	41 987	40 081	40 081	39 221	37 475	33 782
Sales of scrap, waste, arms and other used current goods	202	14	64	6	116	56	56	56
Fines, penalties and forfeits	6	1	–	–	–	–	–	–
Interest, dividends and rent on land	31 652	27 507	6 294	27 544	27 582	27 040	26 642	26 104
Sales of capital assets	34	473	255	–	–	–	–	–
Financial transactions in assets and liabilities	48 553	104 264	(9 458)	24 400	24 252	25 250	26 556	23 950
<b>Total</b>	<b>129 308</b>	<b>183 624</b>	<b>39 142</b>	<b>92 031</b>	<b>92 031</b>	<b>91 567</b>	<b>90 729</b>	<b>83 892</b>

## Programme 1: Administration

### Expenditure estimates

**Table 34.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.9	1.1	1.5	1.6	1.7	1.8	1.9
Management	27.6	81.9	134.6	92.1	199.4	206.5	204.2
Corporate Services	118.8	175.0	196.7	186.4	270.0	280.4	292.8
Information Services	74.9	129.7	102.1	81.8	86.3	91.4	96.9
Property Management	86.9	91.0	106.0	120.0	138.3	156.0	165.4
Financial Management	56.2	58.5	60.3	109.9	99.6	121.3	132.4
<b>Total</b>	<b>365.3</b>	<b>537.2</b>	<b>601.2</b>	<b>591.7</b>	<b>795.4</b>	<b>857.4</b>	<b>893.6</b>
Change to 2008 Budget estimate				5.0	146.7	157.6	146.6

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



Table 34.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>337.2</b>	<b>471.1</b>	<b>514.6</b>	<b>558.7</b>	<b>750.8</b>	<b>813.1</b>	<b>844.7</b>
Compensation of employees	105.6	113.5	141.0	203.5	256.7	288.4	304.6
Goods and services	231.6	347.1	373.5	355.2	494.1	524.6	540.2
of which:							
Administrative fees	1.7	1.6	2.2	3.4	2.2	2.3	2.3
Advertising	5.9	6.8	4.5	3.4	7.6	7.7	7.8
Assets less than R5 000	2.7	3.3	4.3	0.7	6.6	7.1	7.5
Audit costs: External	8.5	12.1	13.8	8.7	–	–	–
Bursaries (employees)	3.1	12.6	7.1	7.6	12.9	13.4	13.9
Catering: Departmental activities	0.0	0.3	1.6	3.4	0.5	0.5	0.5
Communication	9.5	11.3	15.6	2.6	15.0	15.3	15.6
Computer services	59.4	99.9	87.2	66.6	9.6	10.2	11.5
Consultants and professional services: Business and advisory services	4.4	43.2	52.0	51.1	79.0	89.5	95.2
Consultants and professional services: Infrastructure and planning	0.3	0.2	–	–	65.8	96.7	87.7
Consultants and professional services: Legal costs	6.7	1.0	3.1	0.0	3.5	3.7	3.9
Contractors	1.4	1.8	2.2	2.4	3.5	3.6	3.8
Agency and support / outsourced services	2.4	16.7	12.7	15.9	38.6	40.9	43.4
Entertainment	0.2	0.5	0.1	2.2	0.8	0.8	0.9
Inventory: Food and food supplies	1.4	1.4	2.0	0.0	2.8	3.0	3.3
Inventory: Materials and supplies	0.1	0.2	1.5	2.6	0.5	0.5	0.6
Inventory: Other consumables	0.9	0.9	1.2	1.1	0.7	0.7	0.9
Inventory: Stationery and printing	11.1	15.6	14.1	11.4	15.8	16.6	17.7
Lease payments	2.8	2.9	2.6	15.3	0.1	0.1	0.1
Owned and leasehold property expenditure	87.0	91.4	107.8	105.5	150.5	162.1	171.6
Transport provided: Departmental activities	–	–	0.0	–	2.8	2.9	2.9
Travel and subsistence	16.4	20.8	26.0	17.4	29.0	30.2	31.9
Training and development	2.5	1.5	9.5	22.0	44.5	14.7	15.0
Operating expenditure	0.6	1.1	1.6	0.4	0.9	1.0	1.2
Venues and facilities	2.7	0.2	1.1	11.2	0.9	0.9	1.1
Financial transactions in assets and liabilities	–	10.4	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>8.8</b>	<b>28.8</b>	<b>57.5</b>	<b>11.1</b>	<b>9.5</b>	<b>4.6</b>	<b>4.7</b>
Provinces and municipalities	0.3	0.1	0.0	–	–	–	–
Departmental agencies and accounts	–	0.4	0.6	1.1	1.0	1.1	1.2
Universities and technikons	–	–	–	–	5.0	–	–
Households	8.5	28.4	56.9	10.0	3.5	3.5	3.5
<b>Payments for capital assets</b>	<b>19.2</b>	<b>37.3</b>	<b>29.1</b>	<b>22.0</b>	<b>35.1</b>	<b>39.7</b>	<b>44.2</b>
Buildings and other fixed structures	5.2	5.5	14.4	3.3	3.4	3.6	3.9
Machinery and equipment	4.3	25.6	13.5	18.5	21.8	25.4	29.0
Software and other intangible assets	9.7	6.2	1.2	0.1	9.9	10.7	11.3
<b>Total</b>	<b>365.3</b>	<b>537.2</b>	<b>601.2</b>	<b>591.7</b>	<b>795.4</b>	<b>857.4</b>	<b>893.6</b>

## Details of selected transfers and subsidies

<b>Universities and technikons</b>							
<b>Current</b>	–	–	–	–	5.0	–	–
Water and Forestry Learning Academy: Bursaries	–	–	–	–	5.0	–	–
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	8.5	28.4	56.9	10.0	–	–	–
Social benefits	8.5	28.4	56.9	10.0	–	–	–
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	–	–	–	–	1.0	1.0	1.0
Disbursements: Poverty campaign	–	–	–	–	1.0	1.0	1.0

## Expenditure trends

Expenditure in the *Administration* programme increased from R365.3 million in 2005/06 to R591.7 million in 2008/09 at an average annual rate of 17.4 per cent. This was mainly due to the devolution of funds from the Department of Public Works, and for hiring additional staff to strengthen the financial management function of the department. Compensation of employees grew by 24.4 per cent between 2005/06 and 2008/09 due to the relocation of support staff from the various programmes to the *Management* subprogramme.

Expenditure in the *Information Services* subprogramme increased by 73.2 per cent from R74.9 million in 2005/06 to R129.7 million in 2006/07 for upgrading and replacing IT infrastructure. This contributes to the increased expenditure in payments for capital assets, which grows at an average annual rate of 4.6 per cent between 2005/06 and 2008/09.

Over the MTEF period, expenditure on this programme is expected to increase at an average annual rate of 14.7 per cent, from R591.7 million in 2008/09 to R893.6 million in 2011/12, driven by the implementation of a master systems plan, and further provisions for skills development, building maintenance, employee wellness and the operations of the learning academy.

## Programme 2: Water Resources Management

- *Equitable Supply* covers the policy, planning and regulatory functions required to ensure the reliable and equitable supply of water for sustainable economic and social development, including the eradication of poverty. This includes assessing available water in particular areas and developing strategies to enable supply to meet demand. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Sustainable Supply* is responsible for the provision of a reliable and equitable supply of bulk water, water conservation and demand management, as well as the working for water and working on fire programmes for sustainable economic and social development, including the eradication of poverty. Funding is provided on the basis of the departmental mandate to ensure the availability of sustainable water resources for social and economic needs. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Protection Policies* covers the policy, planning and regulatory functions required to ensure the protection of water resources, such as developing a system for classifying water resources as required by the National Water Act (1998). Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Protection Measures* initiates and supports the implementation of measures to protect water resources, such as pollution protection measures or ensuring sufficient water for the aquatic ecosystem to function properly.
- *Institutional Regulation* provides policy and strategy support for developing and establishing effective water management institutions (catchment management agencies and water user associations), and includes revenue collection from water use charges. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Institutional Development* ensures that effective water management institutions are developed in the regions. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Strategic Alignment* ensures that policies and strategies are internally consistent and aligned with relevant external policies and legislation. It develops and maintains monitoring and information systems, and promotes capacity building among water resource management practitioners and stakeholders. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Stakeholder Empowerment* develops empowered, skilled and representative staff, and capacitates stakeholders and the general public to achieve integrated water resource management. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.

- *African Cooperation* promotes integrated water resource management globally, particularly in Africa in support of the New Partnership for Africa's Development (NEPAD). Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Water Resource Administration* provides management and administrative support services to the programme in the national office. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Water Resource Support* provides support services to the programme in the regions, namely human resources, financial management and general administration. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Operations of Water Resources* provides for the augmentation of the water trading entity to ensure the effective management of water resources and the sustainable operation and management of bulk water infrastructure. Funding is provided on the basis of approved business plans.
- *Infrastructure Development and Rehabilitation* provides for the design, construction and commissioning of new water resource infrastructure, as well as the rehabilitation of existing infrastructure to ensure the safety and functionality of departmental dams and related infrastructure. Funding is provided on the basis of ensuring proper asset management over time, and projected future demands.

### Objectives and measures

- Ensure that water resources are allocated to promote social and economic development by completing compulsory licence processes in 3 catchment management areas (Umhlathuze, Jan Dissels and Inkomati) in 2009/10.
- Ensure that available water is used efficiently by implementing a programme on conservation and demand management, among others, in 2009/10.
- Maintain a reliable and equitable supply of water by completing the revision of the national water resource strategy in 2009/10.
- Ensure that the quality of water resources meets the needs of all consumers by implementing the water quality management programme and regulating it in 3 water management areas (Vaal, Crocodile West, Marico and Olifants) in 2009/10.
- Regulate the efficient use of water resources by implementing the water for growth and development framework by 2009/10.
- Improve regional water resources management by:
  - ensuring that shared water resources are managed in collaboration with neighbouring states by 2010/11 by establishing the Orange Senqu River Commission's secretariat and undertaking international water resource management plans for shared watercourses with Mozambique, Botswana and Swaziland.
  - participating in regular policy and strategy development exercises in the African Ministers' Council on Water and SADC (ministerial participation in 2 meetings a year, and director-general participation in the council's technical committee each quarter).
- Respond and adapt to climate change impact through improving water resources information management by refurbishing existing river flow gauging stations and implementing new ones by 2010/11.

### Service delivery and spending focus

Commissioning of the Vaal River eastern subsystem augmentation project continues, and delivery started in December 2008 by using the temporary abstraction works. Permanent abstraction works will be commissioned in 2010/11.

The construction of the Berg River project is complete, and the impoundment of water in the dam started in July 2007. The phase 2A construction of the Olifants River water resources development project began in June 2007, and construction of the road realignment project is on schedule for completion in the first half of 2009. The minister issued a directive to the Trans-Caledon Tunnel Authority to implement this project and procure the funding. Further directives have been issued to the authority to fund and implement the Mooi-Mgeni phase 2

transfer scheme, which includes building the Spring Grove Dam and implementing the Komati water augmentation scheme.

Policy related achievements in 2007/08 include the completion of: a strategy and national programme for water conservation and demand management, draft regulations for the water classification system, and best practice guidelines for water quality management.

2 water allocation plans and a framework for allocation have been developed to streamline compulsory licensing processes in three catchments: Umhlathuze, Jan Dissels and Inkomati. Streamlining the water use authorisation process, including the development and rollout of the water use licence authorisation tracking system, was completed in 2007/08.

The Breede-Overberg catchment management area is functional. A chief executive officer has been appointed and water resources management staff have been seconded to the catchment management agency.

Over the medium term, the department will continue to develop water resource infrastructure and implement the institutional realignment project.

## Expenditure estimates

**Table 34.5 Water Resources Management**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Equitable Supply	132.7	230.8	155.5	165.3	394.4	409.7	442.6
Sustainable Supply	32.6	346.3	648.3	651.7	622.9	827.4	1 110.1
Protection Policies	34.3	35.5	35.7	39.9	46.7	54.3	60.9
Protection Measures	2.1	1.7	2.5	2.8	2.9	3.2	3.4
Institutional Regulation	12.3	25.0	25.3	30.1	49.2	71.1	84.8
Institutional Development	12.7	7.6	2.5	4.0	17.3	18.7	20.5
Strategic Alignment	95.1	112.0	147.1	149.9	170.5	191.9	207.9
Stakeholder Empowerment	120.2	145.7	138.2	141.7	144.7	148.8	165.2
African Cooperation	10.6	10.0	9.7	23.0	9.7	10.6	11.5
Water Resource Administration	21.6	23.9	21.3	24.2	23.2	28.3	29.0
Water Resource Support	95.9	81.3	94.1	103.6	137.2	155.4	163.8
Operations of Water Resources	653.2	311.0	283.6	316.2	107.8	140.0	167.1
Infrastructure Development and Rehabilitation	283.3	541.5	902.3	1 875.6	2 169.2	2 293.3	2 450.9
<b>Total</b>	<b>1 506.8</b>	<b>1 872.5</b>	<b>2 466.2</b>	<b>3 528.1</b>	<b>3 895.8</b>	<b>4 352.6</b>	<b>4 917.8</b>
Change to 2008 Budget estimate				289.7	(418.4)	(211.6)	79.8

Table 34.5 Water Resources Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>538.1</b>	<b>966.8</b>	<b>1 121.6</b>	<b>1 259.4</b>	<b>1 514.7</b>	<b>1 806.5</b>	<b>2 162.6</b>
Compensation of employees	240.2	268.7	300.2	370.6	466.5	491.7	528.9
Goods and services	294.5	697.9	817.7	888.9	1 048.2	1 314.8	1 633.7
of which:							
Administrative fees	1.2	1.8	2.1	1.5	2.5	2.7	2.8
Advertising	1.5	1.0	0.7	1.4	1.9	2.0	2.2
Assets less than R5 000	7.6	10.3	8.3	16.9	7.7	8.3	8.8
Audit costs: External	–	0.1	–	0.5	–	–	–
Bursaries (employees)	0.3	0.1	0.0	0.5	0.1	0.1	0.2
Catering: Departmental activities	0.2	1.5	2.1	1.5	3.3	3.6	3.8
Communication	14.6	20.3	16.5	10.9	17.0	18.1	19.1
Computer services	13.9	12.6	33.3	30.7	21.2	22.4	25.1
Consultants and professional services: Business and advisory services	2.7	44.5	17.6	31.0	81.5	181.6	382.7
Consultants and professional services: Infrastructure and planning	59.8	248.3	349.7	420.1	399.8	525.3	604.8
Contractors	10.6	16.8	12.6	34.5	180.9	187.0	189.8
Agency and support / outsourced services	50.9	177.4	208.8	177.0	128.2	140.0	158.2
Inventory: Food and food supplies	0.5	1.0	0.6	0.0	0.4	0.4	0.4
Inventory: Fuel, oil and gas	17.2	19.5	12.3	13.7	12.7	14.0	14.8
Inventory: Learner and teacher support material	–	–	–	0.9	1.1	1.2	1.2
Inventory: Materials and supplies	–	9.2	8.7	6.7	8.1	9.0	9.5
Inventory: Other consumables	5.5	12.2	10.6	16.5	7.5	8.2	8.6
Inventory: Stationery and printing	4.8	6.8	9.8	10.8	9.5	8.2	8.3
Lease payments	26.8	6.8	6.5	9.0	6.6	7.3	7.9
Owned and leasehold property expenditure	6.8	2.5	5.0	1.5	1.3	1.4	1.5
Travel and subsistence	63.1	92.5	99.0	76.6	116.3	131.2	140.1
Training and development	3.0	8.6	9.1	12.7	31.1	32.1	32.8
Operating expenditure	2.3	3.1	3.1	6.6	5.3	5.9	6.2
Venues and facilities	0.9	0.7	0.7	7.1	3.4	3.7	3.9
Interest and rent on land	0.0	0.2	0.0	–	–	–	–
Financial transactions in assets and liabilities	3.3	–	3.7	–	–	–	–
<b>Transfers and subsidies</b>	<b>670.5</b>	<b>871.9</b>	<b>1 312.9</b>	<b>2 238.6</b>	<b>2 338.9</b>	<b>2 516.9</b>	<b>2 724.7</b>
Provinces and municipalities	1.9	0.7	91.2	9.1	–	–	–
Departmental agencies and accounts	653.2	827.0	1 189.5	2 195.8	2 119.1	2 293.6	2 497.4
Public corporations and private enterprises	6.9	25.0	1.5	–	–	–	–
Foreign governments and international organisations	–	3.5	0.5	0.6	180.1	180.1	180.1
Non-profit institutions	–	0.2	0.4	0.4	0.4	0.5	0.5
Households	8.5	15.6	29.9	32.7	39.3	42.8	46.7
<b>Payments for capital assets</b>	<b>298.2</b>	<b>33.8</b>	<b>31.7</b>	<b>30.1</b>	<b>42.2</b>	<b>29.2</b>	<b>30.5</b>
Buildings and other fixed structures	273.1	0.7	2.1	0.2	5.2	0.2	0.3
Machinery and equipment	21.7	29.1	25.8	26.3	33.8	25.8	26.9
Software and other intangible assets	3.4	4.0	3.8	3.5	3.1	3.1	3.4
of which: Capitalised compensation	188.2	–	–	–	–	–	–
<b>Total</b>	<b>1 506.8</b>	<b>1 872.5</b>	<b>2 466.2</b>	<b>3 528.1</b>	<b>3 895.8</b>	<b>4 352.6</b>	<b>4 917.8</b>

**Table 34.5 Water Resources Management (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Capital</b>	–	–	91.2	9.0	–	–	–
Municipal drought relief grant	–	–	91.2	9.0	–	–	–
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	653.2	285.5	287.2	320.2	129.9	180.3	226.5
Water trading entity: Augmentation	653.2	285.5	283.6	316.2	107.8	140.0	167.1
Catchment management agencies: Seed funding	–	–	3.7	4.0	22.1	40.2	59.3
<b>Capital</b>	–	541.5	902.3	1 875.6	1 989.2	2 113.3	2 270.9
Water trading Entity: Infrastructure	–	541.5	902.3	1 875.6	1 989.2	2 113.3	2 270.9
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	6.9	25.0	–	–	–	–	–
South African Forestry Company	6.9	–	–	–	–	–	–
Working For Water	–	25.0	–	–	–	–	–
<b>Foreign governments and international organisations</b>							
<b>Current</b>	–	3.5	0.5	0.6	180.1	180.1	180.1
Orange-Senqu River Basin Commission	–	3.5	0.5	0.6	0.1	0.1	0.1
Komati River Basin Water Authority	–	–	–	–	180.0	180.0	180.0
<b>Non-profit institutions</b>							
<b>Current</b>	–	0.2	0.4	0.4	0.4	0.5	0.5
Swimming South Africa: Public benefit organisation	–	0.2	0.4	0.4	0.4	0.5	0.5
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	–	–	–	2.4	3.7	4.1	4.3
Resource for poor farmers	–	–	–	2.4	3.7	4.1	4.3

## Expenditure trends

Expenditure increases from R1.5 billion in 2005/06 to R3.5 billion in 2008/09 at an annual average rate of 32.8 per cent. The robust growth in the programme is driven by the *Infrastructure, Development and Rehabilitation* subprogramme as a result of additional allocations for the De Hoop Dam project. These allocations are reflected as transfers to the water trading entity, through which the department manages the construction and maintenance of water infrastructure.

Over the MTEF period, the programme's budget is expected to grow at an average annual rate of 11.7 per cent, rising from R3.5 billion in 2008/09 to R5 billion in 2011/12. This increase is due to the ongoing De Hoop Dam project, the replacement of donor funding, additional funds to the Working for Water and Working on Fire programmes in the *Sustainable Supply* subprogramme, and the reprioritisation of R500 million to fund water loss efficiency, asset management, waste water works and water infrastructure.

The decrease in payments for capital assets between 2005/06 and 2006/07 relates to the devolution of funds from departments to the National Treasury.



### Transfers to public entities and trading entities

Transfers for infrastructure support services and the construction of new infrastructure facilities and dam safety will increase: R2.1 billion in 2009/10, R2.3 billion in 2010/11 and R2.5 billion in 2011/12.

Transfers to catchment management agencies will increase: R22.2 million in 2009/10, R40.6 million in 2010/11 and R59.3 million in 2011/12.

## Programme 3: Water Services

- *Provisioning Policies* ensures basic water supply and sanitation services for improved quality of life and poverty alleviation. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Water and Sanitation Services* supports the development of infrastructure for basic water supply and sanitation services at the regional level, for improved quality of life and poverty alleviation. Funding is provided on the basis of approved project and business plans.
- *Water Sector Policies* provides a framework for the effective and sustainable delivery of water services to underpin economic and social development. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Water Sector Support* supports the delivery of sustainable water services at the regional level to underpin economic and social development. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Institutional Policies* supports effective water services institutions. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Institutional Support* provides support at the regional and local level for effective water services institutions. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Transfer Policies* guides the transfer of operations and maintenance functions and water services schemes for effective local operations and management. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Transfer of Functions* implements the transfer of water services schemes to water services institutions to ensure effective local level operation and management. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Africa Initiative* promotes the programme's activities to achieve the UN Millennium Development Goals and the World Summit on Sustainable Development targets in Africa, and to support NEPAD. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *African Participation* promotes and supports policies to achieve the UN Millennium Development Goals in Africa. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Water Services Administration* provides support services at the national level, including human resources, financial management and general administration. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Water Services Support* provides support services at the regional level, including human resources, financial management and general administration. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Operations of Water Services* ensures the reliable and sustainable supply of water for basic use and economic development. (While this function is still with the department, it is a temporary arrangement and will be phased out as the transfer programme is completed. The programme is funded with earmarked funds for conditional grants to local government.) The transfer of schemes was scheduled to be completed by 2009/10 but has been extended to 2011/12 through baseline reprioritisation.



## Objectives and measures

- Promote universal access to basic water and sanitation services by:
  - developing policy and regulating and supporting implementation at local government level, guided by the strategic framework for water services, to ensure that all people in South Africa have access to functioning basic water supply facilities and basic sanitation facilities by 2014
  - implementing regional bulk infrastructure projects according to the national implementation framework by 2011
  - providing schools which currently have no services with a safe water supply and sanitation service by December 2010 (1 434 schools in 2008/09 and 1 200 in 2009/10).
- Ensure the effective management of safe drinking water by all water services authorities by 2009 by monitoring, regulating and supporting these authorities, guided by the strategic framework for water services and as specified by the national standard.
- Strengthen the capacity of local government to deliver on national government's 2010 strategy by providing technical support on all water services related matters to municipalities that will host the 2010 World Cup.

## Service delivery and spending focus

Substantial progress has been made by the water sector in providing universal access to water and sanitation in South Africa. Access to basic water infrastructure has increased from 59 per cent in April 1994 to 88 per cent at the end of March 2008. Similarly, access to basic sanitation increased from 48 per cent to 73 per cent. In 2007/08, water was supplied to a further 1.3 million people, and sanitation to a further 1.1 million. Although backlogs in water and sanitation were supposed to be eradicated by 2008 and 2010 respectively, a 2008 Cabinet decision aligned the provision of universal access to water and sanitation with the provision of housing and other basic services. The new target of ensuring universal access to basic services and housing is 2014.

Government accelerated the eradication of bucket toilets by allocating an additional budget of R1.8 billion between 2005/06 and 2007/08. In February 2005, the backlog was 252 254 bucket toilets. At the end of November 2008, 10 395 buckets still needed to be removed. The majority are in Free State (8 839), followed by Northern Cape (1 372) and Eastern Cape (634). The department aims to remove all buckets by March 2009. Over the 2009 MTEF period, the department will be implementing regional bulk infrastructure schemes to further expand access to basic water and sanitation services and to enable the expansion of the housing delivery programme.

Water and sanitation services were provided to the remaining 716 clinics (out of all clinics) that had none, or had limited access to such services. The water and sanitation programme for clinics was officially completed and handed over to the Department of Health in May 2008.

In 2007/08, 143 schools were provided with water and sanitation services, against a target of 110. The target for 2008/09 is to provide 1 434 schools with adequate water and sanitation facilities now that all clinics have these services. At the end of December 2008, water infrastructure had been provided to 51 schools, and sanitation facilities to 125. Over the 2009 MTEF period, the department will continue to provide water and sanitation services to schools, with a target of 1 200 schools in 2009/10.

The department deployed a municipal drinking water quality management system in all water services authorities, and completed a pilot of a waste water treatment management system in 2007/08. Special investigations into water supply interruptions are under way, and an effort is being made to improve water services authorities' management and control systems. Significant progress has been made since April 2008: all water services authorities are loading data from more than 3 200 drinking water sampling points on the information management system. Approximately 94 per cent of the sample points complied with the health requirements of the national standard. As part of its regulatory mandate for drinking water quality, the department will be introducing a new incentive system for municipalities over the 2009 MTEF period. Blue Drop certificates will be issued to municipalities that meet the drinking water standards and Green Drop certificates to those that meet the requirements for treating waste water.

## Expenditure estimates

**Table 34.6 Water Services**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Provisioning Policies	3.3	3.4	2.3	6.3	2.6	2.0	2.4
Water and Sanitation Services	200.5	25.2	437.4	705.6	1 277.7	1 184.9	1 831.8
Water Sector Policies	41.4	42.8	47.3	51.5	47.7	51.8	58.4
Water Sector Support	68.3	100.3	106.9	107.2	100.6	228.3	236.5
Institutional Policies	6.6	9.9	9.2	11.9	11.1	11.6	13.5
Institutional Support	45.0	38.0	42.1	45.5	51.1	106.9	110.5
Transfer of Functions	14.4	35.6	6.9	17.5	16.0	19.0	20.2
Africa Initiative	0.2	0.1	0.1	0.1	0.1	0.1	0.1
African Participation	–	–	–	0.1	0.9	1.0	1.0
Water Services Administration	7.9	8.9	8.3	10.1	9.9	11.6	12.2
Water Services Support	55.1	80.8	100.0	84.9	85.6	94.3	104.0
Operations of Water Services	1 068.3	1 109.7	1 106.4	1 383.1	1 113.8	848.7	677.8
<b>Total</b>	<b>1 511.0</b>	<b>1 454.8</b>	<b>1 866.9</b>	<b>2 423.8</b>	<b>2 717.0</b>	<b>2 560.2</b>	<b>3 068.6</b>
Change to 2008 Budget estimate				(4.2)	181.6	380.7	758.3
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 148.7</b>	<b>958.4</b>	<b>771.5</b>	<b>940.2</b>	<b>706.6</b>	<b>1 092.1</b>	<b>1 146.1</b>
Compensation of employees	532.6	590.0	447.4	426.5	278.3	189.2	200.6
Goods and services	616.2	368.5	323.4	513.7	428.3	902.9	945.5
of which:							
Administrative fees	0.8	1.5	1.2	1.5	0.9	4.0	4.1
Advertising	0.2	1.1	0.8	1.9	1.2	2.0	1.9
Assets less than R5 000	0.8	1.5	2.8	4.0	2.5	2.7	2.6
Catering: Departmental activities	0.5	1.3	1.1	2.9	1.6	5.6	5.8
Communication	9.6	8.5	9.1	6.2	3.6	21.7	22.9
Computer services	1.8	0.4	1.0	0.6	0.4	1.2	1.3
Consultants and professional services: Business and advisory services	368.7	106.7	129.4	268.8	104.7	240.3	260.4
Consultants and professional services: Infrastructure and planning	38.2	4.4	2.8	38.8	61.8	56.1	57.5
Consultants and professional services: Laboratory service	–	–	–	0.1	0.0	1.9	2.0
Contractors	5.6	32.7	12.2	0.8	141.0	176.4	178.3
Agency and support / outsourced services	6.2	10.8	10.1	58.6	37.3	80.0	83.7
Entertainment	0.1	0.0	0.0	0.2	0.2	1.7	1.7
Inventory: Food and food supplies	2.8	1.0	0.8	0.1	0.0	0.9	1.0
Inventory: Fuel, oil and gas	0.1	10.7	3.5	0.0	0.0	22.2	23.3
Inventory: Learner and teacher support material	–	–	–	1.3	0.7	2.7	2.8
Inventory: Materials and supplies	44.1	9.3	13.8	0.2	0.1	12.9	13.5
Inventory: Other consumables	1.4	37.2	9.6	1.4	0.7	6.1	6.4
Inventory: Stationery and printing	8.7	3.4	3.5	6.0	3.8	12.0	12.6
Lease payments	3.3	5.6	3.9	59.7	2.2	13.6	14.4
Owned and leasehold property expenditure	7.7	15.3	33.3	0.0	0.0	17.8	18.7
Travel and subsistence	114.1	113.6	81.3	50.4	29.6	180.7	189.8
Training and development	0.6	1.0	0.8	2.3	31.4	32.9	32.9
Operating expenditure	0.4	0.8	1.2	3.0	1.7	3.1	3.2
Venues and facilities	0.3	1.6	0.8	4.7	2.7	4.3	4.4
Interest and rent on land	–	–	0.6	–	–	–	–

Table 34.6 Water Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>254.3</b>	<b>471.6</b>	<b>679.5</b>	<b>1 015.6</b>	<b>982.6</b>	<b>574.0</b>	<b>384.0</b>
Provinces and municipalities	164.8	385.7	641.7	985.6	978.6	570.0	380.0
Public corporations and private enterprises	89.5	83.9	37.7	–	–	–	–
Non-profit institutions	0.0	–	–	–	–	–	–
Households	0.0	2.0	0.1	30.0	4.0	4.0	4.0
<b>Payments for capital assets</b>	<b>108.0</b>	<b>24.7</b>	<b>415.9</b>	<b>468.0</b>	<b>1 027.9</b>	<b>894.1</b>	<b>1 538.5</b>
Buildings and other fixed structures	102.8	17.4	314.4	415.0	1 008.1	889.0	1 533.0
Machinery and equipment	5.1	6.2	3.7	5.8	3.7	3.9	4.1
Software and other intangible assets	0.1	1.1	97.8	47.2	16.1	1.2	1.4
<b>Total</b>	<b>1 511.0</b>	<b>1 454.8</b>	<b>1 866.9</b>	<b>2 423.8</b>	<b>2 717.0</b>	<b>2 560.2</b>	<b>3 068.6</b>

## Details of selected transfers and subsidies

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>164.5</b>	<b>385.7</b>	<b>641.7</b>	<b>985.6</b>	<b>978.6</b>	<b>570.0</b>	<b>380.0</b>
Water services operating subsidy grant	164.5	385.7	641.7	985.6	978.6	570.0	380.0
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>89.5</b>	<b>83.9</b>	<b>37.7</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Water services operating subsidy indirect grant: Water boards	89.5	83.9	37.7	–	–	–	–
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>0.0</b>	<b>2.0</b>	<b>0.1</b>	<b>30.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
Employer social benefits	0.0	2.0	0.1	30.0	–	–	–

## Expenditure trends

Expenditure increased substantially between 2005/06 and 2008/09, rising from R1.5 billion to R2.4 billion at an average annual rate of 17.1 per cent. This is due mainly to the additional allocations for developing bulk infrastructure. Over the MTEF period, expenditure is expected to grow from R2.4 billion in 2008/09 to R3.1 billion in 2011/12 at an average annual rate of 8.2 per cent. This is due to the additional allocation for the backlogs in water and sanitation at clinics and schools and developing bulk infrastructure.

From 2008/09 to 2011/12, the *Operations of Water Services* subprogramme decreases from R1.4 billion to R677.8 million at an average annual rate of 21.2 per cent due to the transfer of schemes and the reduction of funds transferred to the municipalities receiving water schemes. Expenditure on compensation of employees decreases from R532.6 million in 2005/06 to R200.6 million in 2011/12 due to the transfer of staff to the municipalities.

The *Water and Sanitation* subprogramme grew at an average annual rate of 52.1 per cent between 2005/06 and 2008/09 due to new allocations for bulk infrastructure and the introduction of the water and sanitation at schools and clinics grant in 2007/08. The high growth trend continues over the 2009 MTEF period due to the additional allocation of R1 billion for the bulk infrastructure grant. Over the 2009 MTEF period, the *Institutional Support* subprogramme grows at an average annual rate of 34.4 per cent due to the alignment of structures by the department to strengthen policy and regulatory functions.

## Programme 4: Forestry

- *Forestry Oversight* oversees the forestry sector, develops policies to support sustainable forest management, and ensures that policies at all levels of government are coherent. It further oversees: international liaison on sustainable forest management; governance; sector foresight and liaison; research; the national forest

programme; capacity building; and the promotion of black economic empowerment (BEE) through policy initiatives. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.

- *Sustainable Forest Management* supports the sustainable management of state forests to optimise social and economic benefits in rural areas and to ensure the participation of stakeholders. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Forests and Fire Regulation* ensures compliance with the National Forests Act (1998) and the National Veld and Forest Fire Act (1998), and supports rural socioeconomic development through access and use of state forests and developing systems and strategies for preventing, managing and monitoring veld and forest fires. The name of this subprogramme has changed. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Forests and Fire Governance* supports sustainable forest management by monitoring forestry management and ensuring that there is sufficient capacity at the local level for implementing forestry legislation. It further provides technical advice to, and support for the organisation and operation of local institutions to prevent veld and forest fires and to achieve fire management goals in general. The name of this subprogramme has changed. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Forestry Development* develops strategies and forest enterprise development programmes that support BEE and that enable communities to make use of tree and forest resources to improve their livelihoods. This includes international liaison, which promotes forestry development in South Africa, the SADC region and Africa. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Forestry Enterprise Development and Livelihoods* supports the implementation of programmes that enable communities to participate in the benefits of forestry to generate economic growth and sustain livelihoods. This is a new subprogramme. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Forest Technical and Information Services* ensures sustainable use of the natural resource base through the management of the overall system for forestry data, information and knowledge, including spatial and non-spatial forestry information. This is a new subprogramme.
- *Regional Forestry Information Services* ensures access to forestry information by sector stakeholders and the gathering of information by the regions. This is a new subprogramme. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *State Forest Transfer and Regulation* deals with the transfer and post-transfer administration and regulation of state forests. It includes the management of delegations and legal agreements on state forests and the collection and management of lease rentals. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *State Forest Administration and Oversight* implements and negotiates the transfer of state forests and monitors the post-transfer management of forests and relations with stakeholders. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Forestry Management and Support* funds efficient general administration and management support for the programme. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Forestry Support Services* provides technical, financial and general administration support for regional forestry activities. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.

## Objectives and measures

- Ensure the sustainable management of all natural forests, woodlands and plantations through effective implementation of the National Forests Act (1998), including the development, implementation and enforcement of regulations.

- Reduce incidents of veld, forest and mountain fires by:
  - registering fire protection associations and assisting them
  - raising public awareness through fire prevention campaigns
  - developing and implementing a national fire danger rating system by 2009/10
  - upgrading the national veld information system by 2009/10.
- Improve the contribution of the forestry sector to skills development by developing and implementing a sector skills plan by 2009/10.
- Raise the profile of forestry as a sector by raising awareness and regularly sharing information through the printed and electronic media, extension services and direct communication.
- Increase the contribution of the forestry sector to improve livelihoods and address poverty eradication by:
  - implementing the greening programme, including the Million Trees programme
  - establishing ongoing support mechanisms for participatory forest management and community forestry.
- Accelerate transformation and growth in the forestry sector in line with the targets in the Forest Sector Transformation Charter and the forestry strategy.

### **Service delivery and spending focus**

In 2006/07, over 420 000 hectares of mountain catchments previously designated as state forest land were released for transfer to Western Cape. Another 98 000 hectares of coastal grassland and forest areas at St Lucia were transferred and incorporated into the Department of Environmental Affairs and Tourism's iSimangaliso Wetland Park Authority. The Dukuduku state forest was deproclaimed to allow for the formalisation of human settlements, as recommended by Cabinet. Cabinet also approved the recommissioning of 22 000 hectares of forestry area in Western Cape, aimed at minimising the impact on job losses and creating opportunities for BEE initiatives, and improving conditions for integrated landscape management.

A strategic environmental assessment was prepared for the Mzimvubu to Keiskamma water management area, which includes most of the afforestable land in Eastern Cape. The assessment identified at least 100 000 hectares of land which could be afforested, taking into account environmental, economic and social opportunities and constraints. Applications for afforestation have increased substantially, from 800 hectares in 2004/05, to 1 000 hectares in 2005/06 and 5 500 hectares in 2006/07.

The Million trees programme was launched in 2007. The department aims to promote the planting of 1 million trees a year, of which 70 per cent should be fruit trees and 30 per cent indigenous ornamentals. 1.1 million trees were planted by various programme partners in the first three quarters of 2008/09.

The Forest Sector Charter was approved by the minister, the forestry industry, and other government departments in May 2008.

Following the high quality output of the National Forests Advisory Council over the past 3 years, the minister has extended the council's term of office by another year.

## Expenditure estimates

**Table 34.7 Forestry**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Forestry Oversight	7.0	9.6	20.0	15.8	16.6	17.6	18.6
Sustainable Forest Management	268.8	315.6	332.2	357.2	333.4	353.5	374.9
Forests and Fire Regulation	7.8	10.0	4.8	9.5	10.0	10.5	11.2
Forests and Fire Governance	0.3	9.4	1.2	2.4	2.5	2.6	2.8
Forestry Development	3.2	4.9	5.5	6.5	12.0	12.4	26.8
Forestry Enterprises Development and Livelihoods	26.1	20.5	19.1	27.4	32.2	42.8	60.7
Forest Technical and Information Services	4.1	5.9	3.0	12.4	13.0	13.8	14.6
Regional Forestry Information Services	1.4	0.6	0.1	2.5	2.6	2.7	2.9
State Forest Transfer and Regulation	0.3	0.6	4.7	2.8	2.9	3.0	3.2
State Forest Administration and Oversight	69.9	22.2	24.3	22.7	23.3	25.0	26.5
Forestry Management and Support	1.3	1.0	4.8	1.5	2.5	2.7	2.9
Forestry Support Services	30.9	40.9	31.2	32.4	34.6	36.0	38.2
<b>Total</b>	<b>420.9</b>	<b>441.2</b>	<b>451.1</b>	<b>493.0</b>	<b>485.6</b>	<b>522.7</b>	<b>583.1</b>
Change to 2008 Budget estimate				46.8	14.2	22.3	52.8

### Economic classification

<b>Current payments</b>	<b>398.5</b>	<b>423.8</b>	<b>446.5</b>	<b>481.7</b>	<b>469.9</b>	<b>506.2</b>	<b>565.9</b>
Compensation of employees	250.3	254.2	274.0	331.8	326.4	344.7	365.6
Goods and services	148.1	168.9	171.9	149.2	142.7	160.7	199.5
of which:							
Administrative fees	1.1	1.2	1.1	1.6	1.2	1.2	1.3
Advertising	1.5	3.7	5.3	1.4	1.5	1.6	1.7
Assets less than R5 000	1.7	2.0	2.6	15.1	12.6	13.4	14.2
Catering: Departmental activities	0.4	0.6	1.0	0.2	0.2	0.2	0.3
Communication	7.0	7.6	7.2	5.4	5.7	6.1	6.5
Computer services	0.0	0.1	2.5	1.0	1.1	1.1	1.2
Consultants and professional services: Business and advisory services	21.5	2.3	28.3	20.1	21.0	30.8	61.7
Consultants and professional services: Infrastructure and planning	17.7	27.7	2.5	5.2	5.5	5.9	6.3
Consultants and professional services: Laboratory service	–	2.4	–	–	–	–	–
Contractors	3.1	3.4	0.3	1.9	2.0	2.2	2.3
Agency and support / outsourced services	9.7	19.0	12.2	13.7	14.5	15.5	16.4
Inventory: Food and food supplies	0.6	1.1	1.2	0.5	0.6	0.6	0.6
Inventory: Fuel, oil and gas	2.2	2.4	2.6	4.2	2.1	2.2	2.4
Inventory: Materials and supplies	6.2	13.4	2.8	8.1	7.1	7.6	8.1
Inventory: Other consumables	7.7	7.6	30.5	9.5	8.5	9.0	9.6
Inventory: Stationery and printing	1.5	1.9	1.6	2.0	2.1	2.3	2.4
Lease payments	0.2	1.9	2.6	4.5	1.7	1.9	2.0
Owned and leasehold property expenditure	5.3	6.1	7.5	4.4	2.5	2.6	2.8
Travel and subsistence	58.7	62.5	58.2	47.7	50.4	53.9	57.1
Training and development	0.7	0.9	0.5	0.3	0.3	0.4	0.4
Operating expenditure	0.7	0.7	0.3	1.3	1.4	1.5	1.5
Venues and facilities	0.2	0.3	0.7	0.4	0.4	0.4	0.5
Interest and rent on land	0.2	0.7	0.7	0.7	0.8	0.8	0.9
<b>Transfers and subsidies</b>	<b>17.8</b>	<b>13.0</b>	<b>2.6</b>	<b>2.7</b>	<b>6.7</b>	<b>6.8</b>	<b>7.0</b>
Provinces and municipalities	0.8	0.2	0.0	–	–	–	–
Departmental agencies and accounts	17.0	–	(0.0)	–	–	–	–
Public corporations and private enterprises	–	12.8	2.6	2.7	2.7	2.8	3.0
Households	0.0	–	0.0	–	4.0	4.0	4.0
<b>Payments for capital assets</b>	<b>4.6</b>	<b>4.4</b>	<b>2.0</b>	<b>8.6</b>	<b>9.1</b>	<b>9.6</b>	<b>10.2</b>
Buildings and other fixed structures	0.1	–	0.1	–	–	–	–
Machinery and equipment	4.2	4.4	1.6	8.4	8.8	9.4	9.9
Biological and cultivated assets	0.0	–	0.2	–	–	–	–
Software and other intangible assets	0.2	–	0.1	0.2	0.3	0.3	0.3
<b>Total</b>	<b>420.9</b>	<b>441.2</b>	<b>451.1</b>	<b>493.0</b>	<b>485.6</b>	<b>522.7</b>	<b>583.1</b>



Table 34.7 Forestry (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	17.0	–	–	–	–	–	–
South African Forestry Company	17.0	–	–	–	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	–	–	2.5	2.4	2.4	2.5	2.7
Forestry SA: Subsidy research	–	–	–	2.4	2.4	2.5	2.7
South African Forestry Company	–	–	2.5	–	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	–	12.8	–	–	–	–	–
YORKOR	–	12.8	–	–	–	–	–

## Expenditure trends

Expenditure increased from R420.9 million in 2005/06 to R493 million in 2008/09 at an average annual rate of 5.4 per cent. Over the 2008 MTEF period, Cabinet approved an additional amount of R12 million for the Million Trees programme, which is implemented through the *Forestry Development* subprogramme and the *Forestry Enterprise Development and Livelihoods* subprogramme. Programme expenditure will gradually increase over the MTEF period, to R583.1 million in 2011/12, at an average annual rate of 5.8 per cent. In 2011/12, an additional R30 million was approved for growing the forestry sector through the *Forestry Development* and *Forestry Enterprise Development and Livelihoods* subprogrammes.

The *Forest Technical and Information Services* subprogramme increased by 309.8 per cent in 2008/09. Due to the change in the programme's structure, funds for information services, previously allocated across the various subprogrammes, have been consolidated.

Transfer payments increase by 147.5 per cent in 2009/10 because the department entered into two memorandums of understanding, one with Forestry South Africa and one with the Indigenous Knowledge Systems Association of South Africa. Capital assets increased by 337.6 per cent in 2007/08 because funds in the programme were reprioritised to enable the department to procure machinery and equipment needed for plantation management.

## Public entities and other agencies

### Water trading entity

#### Strategic overview: 2005/06 – 2011/12

Under the National Water Act (1998), the Department of Water Affairs and Forestry is responsible for regulating water use in South Africa by ensuring that water is allocated equitably and used beneficially in the public interest. The act requires the department to create a register of all water users in the country and recover the costs for services provided by the department to water users. The water trading account was established in 1995 to ringfence revenues related to water resource management areas and infrastructure from the department's accounts. The trading account was subsequently amended by the Public Finance Management Act (1999), under which it became the water trading entity in 2008. In terms of the act, the water trading entity is required to change its accounting convention from cash based accounting to an accrual based accounting system.



To strengthen the performance of the water trading entity, projects to improve organisational efficiency have been initiated. These include Project Sakhile, an enterprise wide asset management project, to verify and value all national water resource infrastructure assets, and Project Siyanqoba, to carry out business process re-engineering to map new processes and policies.

Over the MTEF period, the water trading entity will continue with its business efficiency drive and the implementation of the new processes.

### Selected performance and operations indicators

**Table 34.8 Water trading entity**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of dam safety projects undertaken	–	8	7	11	11	11	13
Percentage completion on construction of Olifants River water resources development project (De Hoop Dam)	0%	0%	19%	43%	66%	83%	95%
Percentage completion on construction of Inyaka water treatment works	15%	32%	42%	57%	71%	84%	94%
Percentage completion on construction of Nandoni water distribution network	–	–	24%	39%	54%	70%	82%
Percentage completion on construction of Nwamita Dam	–	–	–	4%	27%	55%	84%
Percentage completion on construction of raising Clan William dam wall	–	–	–	–	12%	45%	85%
Percentage completion on construction of Hluhluwe regional water scheme	16%	31%	46%	63%	79%	94%	100%
Percentage completion on construction of Nandoni water treatment works	40%	60%	80%	95%	100%	–	–
Revenue generated to fund the refurbishment programme	R1.022bn	R346m	R357.4m	R130.9m	R492.5m	R563.9m	914.6m

### Service delivery and spending focus

The auditor-general's historical disclaimers and qualifications were dealt with through the business process reengineering project (Siyanqoba) and the enterprise wide asset management project (Sakhile) to give proper effect to the accrual accounting requirements of the Public Finance Management Act (1999). The water trading entity has now embarked on the next phase of the business efficiency drive aiming to be fully compliant by March 2010.

All the environmental and site establishment processes for the construction of the De Hoop Dam were completed over the past 3 years. Concrete placement began in 2008/09. The dam is expected to be 95 per cent complete by the end of the MTEF period. Phases 1 and 2 of the Inyaka water treatment works is 57 per cent complete. The target is to be 94 per cent complete with the remaining phases by the end of the MTEF period. Construction of the Nandoni water distribution network began in 2007/08, and is reaching 38 per cent this year. The target is to be at 82 per cent complete by the end of the MTEF period. The construction of the Nandoni water treatment works is 95 per cent complete and will be commissioned in 2009/10. The Hluhluwe regional water scheme is 63 per cent complete and commissioning is planned for the end of the MTEF period. The construction work on raising the Clan William Dam wall is scheduled to begin in 2009 and be 85 per cent complete by the end of the MTEF period. The construction of the Nwamita dam is planned to start in 2010. The environmental and establishment processes are already in progress. The project is scheduled to be 84 per cent complete by the end of the MTEF period.

## Expenditure estimates

Table 34.9 Water trading entity: Financial information

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>3 130.4</b>	<b>1 916.4</b>	<b>1 498.3</b>	<b>1 420.1</b>	<b>1 784.5</b>	<b>1 992.2</b>	<b>2 276.9</b>
Sale of goods and services other than capital assets	3 107.5	1 620.2	1 310.6	1 414.1	1 778.5	1 986.2	2 270.9
of which:							
Bulk water sales	3 107.5	1 620.2	1 281.0	1 414.1	1 748.5	1 956.2	2 240.9
Other sales	–	–	29.6	–	30.0	30.0	30.0
Other non-tax revenue	22.9	296.2	187.8	6.0	6.0	6.0	6.0
<b>Transfers received</b>	<b>1 626.1</b>	<b>487.2</b>	<b>423.4</b>	<b>598.4</b>	<b>337.6</b>	<b>310.6</b>	<b>443.6</b>
<b>Total revenue</b>	<b>4 756.5</b>	<b>2 403.6</b>	<b>1 921.8</b>	<b>2 018.4</b>	<b>2 122.1</b>	<b>2 302.8</b>	<b>2 720.6</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>4 880.3</b>	<b>3 620.0</b>	<b>3 999.2</b>	<b>4 539.4</b>	<b>3 120.0</b>	<b>3 240.8</b>	<b>3 328.7</b>
Compensation of employees	701.2	453.3	507.2	515.4	627.5	658.2	688.3
Goods and services	2 923.7	960.5	1 263.1	1 803.9	1 019.6	1 109.6	1 170.4
Depreciation	1 255.3	2 205.2	2 225.2	2 216.0	1 469.0	1 469.0	1 466.0
Interest, dividends and rent on land	0.0	1.0	3.7	4.0	4.0	4.0	4.0
<b>Transfers and subsidies</b>	<b>412.8</b>	<b>178.3</b>	<b>181.8</b>	<b>182.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total expenses</b>	<b>5 293.0</b>	<b>3 798.2</b>	<b>4 181.0</b>	<b>4 721.4</b>	<b>3 120.0</b>	<b>3 240.8</b>	<b>3 328.7</b>
<b>Surplus / (Deficit)</b>	<b>(536.5)</b>	<b>(1 394.6)</b>	<b>(2 259.3)</b>	<b>(2 702.9)</b>	<b>(997.9)</b>	<b>(938.0)</b>	<b>(608.1)</b>
<b>Statement of financial position</b>							
Carrying value of assets	45 502.3	93 939.2	92 490.6	85 703.7	86 244.2	86 987.2	88 060.9
of which: Acquisition of assets	1 165.6	173.7	776.7	1 429.1	2 009.5	2 212.0	2 539.7
Inventory	18.7	19.9	18.9	19.0	20.0	20.0	20.0
Receivables and prepayments	973.1	1 481.1	1 517.5	900.0	900.0	900.0	900.0
Cash and cash equivalents	0.1	370.2	127.5	9.5	1.0	2.0	78.2
<b>Total assets</b>	<b>46 494.2</b>	<b>95 810.4</b>	<b>94 154.5</b>	<b>86 632.2</b>	<b>87 165.2</b>	<b>87 909.2</b>	<b>89 059.1</b>
Accumulated surplus/deficit	45 386.5	(432.4)	(2 691.6)	(5 394.6)	(6 392.5)	(7 330.6)	(7 938.7)
Capital and reserves	–	95 099.6	95 099.6	89 099.6	89 099.6	89 099.6	89 099.6
Borrowings	36.4	10.6	34.0	28.0	22.0	16.0	10.0
Trade and other payables	872.3	825.3	780.7	700.0	700.0	700.0	700.0
Provisions	199.0	70.0	78.9	160.0	160.0	182.0	236.0
Liabilities not classified elsewhere	–	237.3	853.0	2 039.2	3 576.1	5 242.2	6 952.2
<b>Total equity and liabilities</b>	<b>46 494.2</b>	<b>95 810.4</b>	<b>94 154.5</b>	<b>86 632.2</b>	<b>87 165.2</b>	<b>87 909.2</b>	<b>89 059.1</b>

## Expenditure trends

The revenue figures before 2007/2008 included revenue billed on behalf of the Trans-Caledon Tunnel Authority (approximately R1.8 billion in 2006/2007), which is now treated outside of the water trading entities revenue stream. This explains the reduction in the revenue figures since 2007/08. Revenue has fallen from R4.8 billion in 2005/06 to R2 billion in 2008/09 at an annual average rate of 343.9 per cent.

Revenue from water resource management charges and water resource infrastructure charges are projected to increase from R1.3 billion in 2007/2008 to R2.2 billion in 2011/2012. This average annual 59 per cent increase is in line with the capping provisions of the pricing strategy. The pricing strategy aims to phase in the higher return on assets recovery based pricing methodology calculated on the correctly valued National Water Research Institute asset base.

Compensation of employee shows an initial decline between 2005/06 and 2007/08 as a result of improved internal processes and the capitalisation of direct labour costs for infrastructure development. The annual

increases for the next three years are due to inflation, the separation of water trading entity functions from the main account, and the filling of those posts.

Goods and services costs before 2007/2008 included the amounts paid over to the Trans-Caledon Tunnel Authority for revenue billed, which accounts for the reduction in goods and services after 2007/08. The figures for 2008/09 and the preceding years also include a misallocation of capital expenditure on the refurbishment of infrastructure assets and increases in provision for bad debts.

The statement of financial position contains a few noteworthy trends. The accounts receivable and prepayments show an initial increase between 2005/06 and 2007/08 due to the implementation of accrual accounting and the overstatement of opening balances. The amounts accrued under accounts receivable and prepayments are expected to stabilise over the MTEF period. The substantial increase in the carrying value of assets in 2007/08 is a result of the enterprise wide asset management and revaluation project, which corrected misallocations and accounted all National Water Research Institute assets. The refurbishment and rehabilitation costs of existing National Water Research Institute assets will increase from R264.7 million in 2008/9 to R738.4 million in 2011/12 in line with the current initiative to capitalise direct costs incurred on such projects.

## **Trans-Caledon Tunnel Authority**

### **Strategic overview: 2005/06 – 2011/12**

The Trans-Caledon Tunnel Authority functions in terms of the National Water Act (1988).

The authority is a specialised liability management entity responsible for developing cost effective bulk raw water infrastructure. Liability management requires the authority to determine the viability of each project and match assets and liabilities in a framework within which cost effective funding mechanisms can be developed.

Since the Lesotho Highlands water project was completed, more emphasis has been placed on sophisticated debt management within a conservative risk management framework. In 2002, the Trans-Caledon Tunnel Authority was mandated to implement the Berg water project, due to be completed in March 2008. As implementer of this water resource development, the authority had to devise innovative processes and structures to ensure sustainability. It was the first major project to be implemented following changes to environmental legislation and the release of the World Commission on Dams development guidelines.

The Trans-Caledon Tunnel Authority provides financial and treasury management services to designated water boards, water management institutions and the Department of Water Affairs and Forestry, as follows:

- advisory services to the department on the financing and institutional arrangements for the Olifants River water resource development project
- review of the national raw water pricing strategy
- advisory services to the department on financing and implementing the Mooi-Umgeni Dam in KwaZulu-Natal
- advisory services to the department on the review of the financial framework for the Kunzvi Dam
- change over of the Umgeni Water financing services from an intervention directive to a commercial arrangement
- advisory services to the department to assess options to unlock the tariff disputes and refinance the debt of Impala Water User Association
- financing and implementing the Vaal River eastern sub-system augmentation project.

In August 2005, Cabinet approved the creation of the National Water Resource Infrastructure Agency. This agency will pool the resources of the Trans-Caledon Tunnel Authority and the department's infrastructure branch (development and operations) to develop, finance and manage the country's national water resources.

Over the medium term, the Trans-Caledon Tunnel Authority will focus on:

- delivering on its mandates and directives to meet stakeholders' expectations
- achieving sustainable growth and the ability to fund own operations by implementing appropriate financial models

- applying best practice and innovative engineering solutions to ensure competitiveness
- preparing for the successful integration into the National Water Resource Infrastructure Agency.

## Selected performance and operations indicators

**Table 34.10 Trans-Caledon Tunnel Authority**

Indicator	Past			Current	Projections <sup>1</sup>		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Cost of financing							
Lesotho Highlands water project							
Benchmark	10.68%	8.16%	9.55%	10.54%			
Actual	10.65%	7.95%	9.11%	10.31%	–	–	–
Berg River water project							
Benchmark	7.11%	8.39%	10.45%	11.84%			
Actual	7%	8%	10.17%	11.79%	–	–	–
Vaal River eastern subsystem augmentation project							
Benchmark	7.13%	8.31%	10.33%	11.85%			
Actual	7.1%	8.29%	10.21%	11.73%	–	–	–
Credit rating							
Berg River water project							
Long term	AA+	maintained A	maintained A	maintained AA	maintained AA+	maintained AA+	maintained AA+
Short term	F1+	A+	A+	+			
Vaal River eastern subsystem augmentation project							
Long term	AA+	maintained AA+	maintained AA+	maintained AA	maintained AA+	maintained AA+	maintained AA+
Short term	F1+			+			

1. Funds will be raised within approved benchmarks

## Service delivery and spending focus

The Trans-Caledon Tunnel Authority successfully implemented the Berg Water project, completing it below the initial budget and in a short timeframe. The project's excellent credit ratings of AA+ (zaf) long term and F1+ (zaf) short term were confirmed at the end 2007/08.

Water delivery for the Vaal River eastern subsystem augmentation project started in December 2008. Construction on the permanent abstraction works will be completed in May 2010, with costs expected to remain within the revised approved budget of R2.7 billion.

In view of its successful track record in implementing and financing projects, the Trans-Caledon Tunnel Authority was given four additional mandates to carry out, at a cost of R27 billion. These include managing, financing and implementing the Crocodile Mokolo water augmentation project (R17.3 billion), the Komati water supply augmentation project, the Olifants River water resource development project, and phase 2 of the Mooi-Mgeni transfer scheme.

## Expenditure estimates

**Table 34.11 Trans-Caledon Tunnel Authority: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>2 001.8</b>	<b>2 407.0</b>	<b>2 540.6</b>	<b>2 445.3</b>	<b>2 867.5</b>	<b>3 034.3</b>	<b>3 266.3</b>
Sale of goods and services other than capital assets	1 776.1	1 952.0	2 088.8	2 412.9	2 832.4	2 987.6	3 226.7
of which:							
Bulk water sales	1 776.1	1 952.0	2 088.8	2 412.9	2 832.4	2 987.6	3 226.7
Other non-tax revenue	225.7	455.0	451.8	32.4	35.1	46.7	39.6
<b>Total revenue</b>	<b>2 001.8</b>	<b>2 407.0</b>	<b>2 540.6</b>	<b>2 445.3</b>	<b>2 867.5</b>	<b>3 034.3</b>	<b>3 266.3</b>

**Table 34.11 Trans-Caledon Tunnel Authority: Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Expenses</b>							
<b>Current expense</b>	<b>2 589.6</b>	<b>2 520.6</b>	<b>2 702.1</b>	<b>2 804.0</b>	<b>2 948.9</b>	<b>3 258.7</b>	<b>4 278.6</b>
Compensation of employees	20.0	36.0	57.2	62.4	85.5	80.7	85.9
Goods and services	462.1	547.5	496.9	524.2	616.6	631.3	692.4
Depreciation	29.3	96.1	36.0	2.4	5.5	2.1	1.4
Interest, dividends and rent on land	2 078.2	1 841.0	2 112.0	2 215.1	2 241.3	2 544.7	3 498.8
<b>Total expenses</b>	<b>2 589.6</b>	<b>2 520.6</b>	<b>2 702.1</b>	<b>2 804.0</b>	<b>2 948.9</b>	<b>3 258.7</b>	<b>4 278.6</b>
<b>Surplus / (Deficit)</b>	<b>(587.9)</b>	<b>(113.6)</b>	<b>(161.5)</b>	<b>(358.7)</b>	<b>(81.4)</b>	<b>(224.4)</b>	<b>(1 012.3)</b>
<b>Statement of financial position</b>							
Carrying value of assets	15 900.4	17 536.0	18 579.9	19 118.9	20 402.2	25 588.2	33 647.1
of which: Acquisition of assets	470.4	1.8	12.9	541.3	1 288.8	5 188.2	8 060.3
Investments	150.7	1 018.1	1 892.7	3 046.3	3 700.9	4 966.3	6 231.6
Receivables and prepayments	701.4	547.8	480.4	480.4	480.4	480.4	480.4
Cash and cash equivalents	0.7	0.1	0.0	0.0	0.0	0.0	0.0
<b>Total assets</b>	<b>16 753.2</b>	<b>19 102.0</b>	<b>20 953.0</b>	<b>22 645.7</b>	<b>24 583.5</b>	<b>31 035.0</b>	<b>40 359.2</b>
Accumulated surplus/deficit	(3 357.1)	(3 510.0)	(3 550.8)	(3 909.5)	(3 990.9)	(4 215.3)	(5 227.6)
Capital and reserves	–	141	–	–	–	–	–
Borrowings	19 349.4	21 786.5	21 966.3	24 379.4	27 418.3	34 873.8	44 139.9
Trade and other payables	758.5	681.9	2 534.9	2 173.1	1 153.5	373.8	1 444.2
Provisions	2.4	2.6	2.7	2.7	2.7	2.7	2.7
<b>Total equity and liabilities</b>	<b>16 753.2</b>	<b>19 102.0</b>	<b>20 953.0</b>	<b>22 645.7</b>	<b>24 583.5</b>	<b>31 035.0</b>	<b>40 359.2</b>

### Expenditure trends

The substantial increase in expenditure between 2008/9 and 2010/11 is driven by an increase in the number of projects implemented by the Trans-Caledon Tunnel Authority, from 3 to 7. Growth in expenditure has been relatively stable, rising from R2.6 billion in 2005/06 to R2.7 billion in 2007/08, due to the increased costs associated with the predesign, design and handover of projects. Expenditure is expected to increase dramatically over the MTEF period, rising from R2.8 billion in 2008/09 to R4.3 billion in 2011/12 as the construction on these projects get under way.

### Rand Water

#### Strategic overview: 2005/06 - 2011/12

Rand Water aims to be a provider of sustainable, universally competitive water and sanitation solutions for Africa. To position Rand Water to deliver in terms of its vision, respond optimally to the dynamics of a rapidly changing sector and the environment in which it functions, and meet the needs of its stakeholders, the strategic objectives that will guide the activities, business focus and the allocation of resources over the MTEF period during are: achieve growth; achieve operational integrity and use best fit technology; achieve a high performance culture; and positively engage the stakeholder base.

## Selected performance and operations indicators

Table 34.12 Rand Water

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Net debt/equity ratio	0.17	0.14	0.12	0.11	0.10	0.08	0.07
Debt service	6.26	10.37	11.03	9.19	12.44	13.41	14.56
Debt/asset	0.14	0.12	0.10	0.09	0.08	0.07	0.06
Costs per kilolitre (Rc/kl)	2.55	2.77	2.79	3.19	3.33	3.52	3.73
Profit for the year	R597.2m	R726.2m	R807.8m	R629.5m	R718m	R751m	R757m

## Service delivery and spending focus

By June 2007, Rand Water's distribution increased by 6.3 per cent, resulting in an average demand of 3 674 mega litres per day. Rand Water met all peak daily demands, thus abiding by the bulk water supply contract. In February and March 2007, this was more than 4 000 mega litres a day on average over four to five weeks. Supply is based on the Rand Water general water supply conditions, and key to these are customer satisfaction requirements. To ensure this, there are ongoing programmes for refurbishing, renovating and replacing pipelines.

## Expenditure estimates

Table 34.13 Rand Water: Financial information

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>3 811.3</b>	<b>4 309.4</b>	<b>4 554.6</b>	<b>4 841.0</b>	<b>5 106.0</b>	<b>5 471.0</b>	<b>5 844.0</b>
Sale of goods and services other than capital assets	3 672.1	4 118.6	4 274.4	4 579.2	4 907.0	5 259.0	5 626.0
of which:							
Bulk water sales	3 672.1	4 118.6	4 274.4	4 579.2	4 907.0	5 259.0	5 626.0
Other non-tax revenue	139.1	190.8	280.2	261.8	199.0	212.0	218.0
<b>Total revenue</b>	<b>3 811.3</b>	<b>4 309.4</b>	<b>4 554.6</b>	<b>4 841.0</b>	<b>5 106.0</b>	<b>5 471.0</b>	<b>5 844.0</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>3 214.1</b>	<b>3 565.0</b>	<b>3 745.1</b>	<b>4 211.4</b>	<b>4 388.0</b>	<b>4 720.0</b>	<b>5 087.0</b>
Compensation of employees	458.0	642.1	726.1	780.1	755.0	807.0	862.0
Goods and services	2 486.9	2 687.8	2 744.6	3 162.6	3 299.0	3 556.0	3 843.0
Depreciation	139.1	160.1	175.8	171.1	243.0	270.0	300.0
Interest, dividends and rent on land	130.0	74.9	98.6	97.7	91.0	87.0	82.0
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>15</b>	<b>–</b>	<b>–</b>
<b>Total expenses</b>	<b>3 214.1</b>	<b>3 566.5</b>	<b>3 746.8</b>	<b>4 211.4</b>	<b>4 403.4</b>	<b>4 720.0</b>	<b>5 087.0</b>
<b>Surplus / (Deficit)</b>	<b>597.2</b>	<b>743.0</b>	<b>807.8</b>	<b>629.5</b>	<b>702.6</b>	<b>751.0</b>	<b>757.0</b>
<b>Statement of financial position</b>							
Carrying value of assets	4 285.7	4 572.7	5 020.8	5 789.5	6 432.5	7 169.5	8 002.5
of which: Acquisition of assets	362.1	456.0	640.2	939.9	886.0	1 007.0	1 133.0
Investments	138.3	132.6	124.2	137.6	133.0	–	–
Inventory	34.8	37.2	41.0	62.0	50.0	54.0	58.0
Receivables and prepayments	418.0	520.2	476.1	554.8	677.0	724.0	773.0
Cash and cash equivalents	510.1	994.7	1 349.6	1 287.4	1 385.5	1 518.5	1 557.5
Assets not classified elsewhere	–	–	8.7	–	–	–	–
<b>Total assets</b>	<b>5 386.8</b>	<b>6 257.3</b>	<b>7 020.4</b>	<b>7 831.3</b>	<b>8 678.0</b>	<b>9 466.0</b>	<b>10 391.0</b>
Accumulated surplus/deficit	3 771.8	4 509.0	5 307.1	5 936.6	6 699.0	7 476.0	8 289.0
Borrowings	748.3	725.7	728.5	726.9	724.0	624.0	623.0
Post-retirement benefits	216.1	236.7	246.8	308.7	350.0	393.0	439.0
Trade and other payables	594.7	705.9	735.2	859.0	905.0	973.0	1 040.0
Provisions	56.0	80.0	–	–	–	–	–
Liabilities not classified elsewhere	–	–	2.8	–	–	–	–
<b>Total equity and liabilities</b>	<b>5 386.8</b>	<b>6 257.3</b>	<b>7 020.4</b>	<b>7 831.3</b>	<b>8 678.0</b>	<b>9 466.0</b>	<b>10 391.0</b>

## Expenditure trends

Rand Water's expenditure trends are discussed with Umgeni Water's below.

## Umgeni Water

### Strategic overview: 2005/06 - 2011/12

Umgeni Water embarked on a strategy five years ago to turn the organisation around. The 10-year corporate strategy plan for 2002 to 2012 committed Umgeni Water to continually improve its financial strength through sound financial management, operational efficiency and economically viable expansion. This meant that the following key principles were adopted:

- the implementation of a new tariff methodology based on cash flows (this ensured the solvency of the business)
- the reduction of debt levels by reducing operating expenditure and deferring capital expenditure where possible (this meant that the business had to be completely reviewed and a major corporate restructure programme was instituted)
- the restructuring of the balance sheet so that Umgeni Water exited market making, moved towards a more appropriate capital structure, and achieved greater asset-liability matching
- review of non-core assets to the business.

### Selected performance and operations indicators

**Table 34.14 Umgeni Water**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Net debt/equity ratio	4.93	2.60	1.11	0.75	0.64	0.49	0.35
Debt service	1.48	2.14	3.37	4.14	3.65	4.51	5.20
Debt/asset	0.76	0.67	0.57	0.56	0.36	0.31	0.25
Costs per kilolitre (Rc/kl)	R2.69	R2.53	R2.24	R2.62	R2.43	R2.58	R2.64
Profit for the year	R137.6m	R250.5m	R392.9m	R438.5m	R448.4m	R484.8m	R558.5m

### Service delivery and spending focus

In 2007/08, Umgeni Water provided bulk potable water services to eThekweni metropolitan municipality, Ugu, iLembe, Sisonke and uMgungundlovu district municipalities, and Msunduzi local municipality. Sales volume grew by 8.4 per cent in 2007/08 compared to 2006/07. Water sales exceeded budget, with average annual daily demand of 1 106 mega litres per day compared to 1 021 mega litres per day in 2006/07. The iLembe bulk supply (KwaDukuza area 15.2 per cent) and Amanzimtoti water works (6.3 per cent) were the main contributors to increased sales volumes. Amanzimtoti water works sale volume increased from 4.7 mega litres per day in 2006/07 to 10.3 mega litres per day in 2007/08.

With assets worth R2.3 billion, a comprehensive strategy ensures continuous operability and full functionality to meet short and long term requirements.

Relationships with customers are managed through the bulk water supply agreements. Umgeni Water has entered into long term agreements with the six water services authorities. In the interim, a memorandum of understanding has been concluded with Sisonke district municipality with a view to signing a bulk water supply agreement. These agreements are in line with the model agreement developed by the South African Local Government Association and the South African association of Water Utilities, and regulate the terms and conditions of bulk water supply between Umgeni Water and its customers.



## Expenditure estimates

Table 34.15 Umgeni Water: Financial information

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>1 300.4</b>	<b>1 286.4</b>	<b>1 405.6</b>	<b>1 689.3</b>	<b>1 638.0</b>	<b>1 673.9</b>	<b>1 791.6</b>
Sale of goods and services other than capital assets	1 084.5	1 188.0	1 289.0	1 537.0	1 512.1	1 655.0	1 781.4
of which:							
Bulk water sales	1 084.5	1 188.0	1 289.0	1 537.0	1 512.1	1 655.0	1 781.4
Other non-tax revenue	215.9	98.3	116.6	152.3	125.9	18.9	10.1
<b>Total revenue</b>	<b>1 300.4</b>	<b>1 286.4</b>	<b>1 405.6</b>	<b>1 689.3</b>	<b>1 638.0</b>	<b>1 673.9</b>	<b>1 791.6</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>1 162.8</b>	<b>1 035.8</b>	<b>1 012.7</b>	<b>1 250.7</b>	<b>1 189.6</b>	<b>1 189.1</b>	<b>1 233.1</b>
Compensation of employees	207.1	240.6	268.8	272.0	308.2	332.0	356.9
Goods and services	323.4	323.5	316.3	531.5	425.1	532.0	651.7
Depreciation	158.4	162.3	156.9	162.0	168.1	174.9	88.6
Interest, dividends and rent on land	473.9	309.4	270.8	285.2	288.1	150.2	135.9
<b>Total expenses</b>	<b>1 162.8</b>	<b>1 035.8</b>	<b>1 012.7</b>	<b>1 250.7</b>	<b>1 189.6</b>	<b>1 189.1</b>	<b>1 233.1</b>
<b>Surplus / (Deficit)</b>	<b>137.6</b>	<b>250.5</b>	<b>392.9</b>	<b>438.5</b>	<b>448.4</b>	<b>484.8</b>	<b>558.5</b>
<b>Statement of financial position</b>							
Carrying value of assets	2 491.6	2 538.2	2 535.6	2 792.3	3 302.3	3 669.3	4 051.6
of which: Acquisition of assets	504.8	232.3	161.1	418.7	678.1	541.9	471.0
Investments	366.4	528.9	945.5	1 283.9	53.7	34.4	37.3
Inventory	6.9	7.5	10.3	10.3	10.3	10.3	10.3
Receivables and prepayments	117.5	137.8	150.2	158.2	173.5	188.3	201.8
Cash and cash equivalents	13.4	21.2	13.6	0.5	0.3	0.2	0.6
Assets not classified elsewhere	1.3	3.1	5.6	0.0	0.0	0.0	0.0
<b>Total assets</b>	<b>2 997.1</b>	<b>3 236.6</b>	<b>3 660.9</b>	<b>4 245.2</b>	<b>3 540.1</b>	<b>3 902.3</b>	<b>4 301.5</b>
Accumulated surplus/deficit	(66.0)	184.6	577.4	1 008.4	1 456.7	1 941.5	2 500.0
Capital and reserves	456.1	451.2	445.1	446.6	446.6	446.6	446.6
Borrowings	2 284.8	2 180.6	2 078.3	2 378.9	1 277.4	1 206.2	1 055.1
Post-retirement benefits	97.9	119.5	164.4	122.7	91.1	42.9	37.9
Trade and other payables	154.8	171.9	235.6	232.8	232.8	232.8	232.8
Provisions	29.4	86.2	119.8	17.3	17.3	17.3	17.3
Liabilities not classified elsewhere	40.0	42.6	40.3	38.3	18.0	15.0	11.7
<b>Total equity and liabilities</b>	<b>2 997.1</b>	<b>3 236.6</b>	<b>3 660.9</b>	<b>4 245.2</b>	<b>3 540.1</b>	<b>3 902.3</b>	<b>4 301.5</b>

## Expenditure trends

In 2006/07, the consolidated revenue from the sale of bulk water was R5.3 billion, of which Rand Water accounted for R4.2 billion and Umgeni Water for R1.2 billion. Revenue is expected to grow from R6.1 billion in 2008/09 to R7.4 billion in 2011/12 at an average annual rate of 6.6 per cent.

Rand Water is refurbishing its assets, a process which will amount to R2.9 billion over the MTEF period. Umgeni Water is expanding its services to communities not previously served. Their capital expenditure over the MTEF period is expected to amount to R1.6 billion. The infrastructure expansion drive is aimed at smaller communities in urban and peri-urban area.

Infrastructure developments for Rand Water and Umgeni Water will be financed by a combination of internal sources and debt finance. Smaller water boards like Namakwa Water will have to rely on debt funding and government grants to meet current and future demands.

## Additional tables

**Table 34.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	502.1	535.6	601.2	586.7	5.0	591.7	585.8
2. Water Resources Management	2 430.0	2 902.8	2 466.2	3 238.4	289.7	3 528.1	3 028.1
3. Water Services	1 913.7	1 913.7	1 866.9	2 428.0	(4.2)	2 423.8	2 363.8
4. Forestry	460.5	510.4	451.1	446.2	46.8	493.0	489.0
<b>Total</b>	<b>5 306.3</b>	<b>5 862.5</b>	<b>5 385.4</b>	<b>6 699.3</b>	<b>337.3</b>	<b>7 036.6</b>	<b>6 466.7</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>3 175.7</b>	<b>2 959.3</b>	<b>2 854.2</b>	<b>3 786.8</b>	<b>(546.8)</b>	<b>3 240.0</b>	<b>3 234.1</b>
Compensation of employees	1 098.9	1 365.4	1 162.6	1 265.5	66.9	1 332.4	1 326.5
Goods and services	2 076.1	1 593.1	1 686.6	2 520.5	(613.7)	1 906.9	1 906.9
Interest and rent on land	0.7	0.7	1.3	0.8	(0.0)	0.7	0.7
Financial transactions in assets and liabilities	—	—	3.7	—	—	—	—
<b>Transfers and subsidies</b>	<b>2 030.2</b>	<b>2 439.6</b>	<b>2 052.6</b>	<b>2 834.7</b>	<b>433.2</b>	<b>3 268.0</b>	<b>2 768.0</b>
Provinces and municipalities	550.0	722.0	732.9	861.5	133.2	994.7	994.7
Departmental agencies and accounts	1 347.8	1 625.8	1 190.2	1 936.9	260.0	2 196.9	1 696.9
Public corporations and private enterprises	103.6	39.0	41.7	2.7	—	2.7	2.7
Foreign governments and international organisations	0.5	0.5	0.5	0.6	—	0.6	0.6
Non-profit institutions	0.3	0.3	0.4	0.4	—	0.4	0.4
Households	27.9	51.9	86.9	32.7	40.0	72.7	72.7
<b>Payments for capital assets</b>	<b>100.5</b>	<b>463.6</b>	<b>478.6</b>	<b>77.8</b>	<b>450.9</b>	<b>528.6</b>	<b>464.6</b>
Buildings and other fixed structures	23.6	367.3	331.0	5.6	413.0	418.6	358.6
Machinery and equipment	74.4	46.2	44.5	56.3	2.8	59.0	55.0
Cultivated assets	—	—	0.2	—	—	—	—
Software and intangible assets	2.5	50.1	103.0	15.9	35.1	51.0	51.0
<b>Total</b>	<b>5 306.3</b>	<b>5 862.5</b>	<b>5 385.4</b>	<b>6 699.3</b>	<b>337.3</b>	<b>7 036.6</b>	<b>6 466.7</b>

**Table 34.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	1 105.3	1 201.9	1 136.9	1 238.8	1 229.9	1 216.1	1 301.6
Unit cost (R million)	0.1	0.2	0.2	0.1	0.1	0.1	0.1
Personnel numbers (head count)	7 399	7 469	7 399	10 848	10 848	10 848	10 848
<b>Part time and temporary contract employees</b>							
Compensation (R million)	21.3	22.4	23.5	91.2	95.5	95.5	95.5
Unit cost (R million)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Personnel numbers (head count)	290	290	290	1 073	1 073	1 073	1 073
<b>Interns</b>							
Compensation of interns (R million)	2.0	2.1	2.2	2.4	2.5	2.5	2.5
Unit cost (R million)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Number of interns	36	40	40	40	40	40	40
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>1 128.6</b>	<b>1 226.4</b>	<b>1 162.6</b>	<b>1 332.4</b>	<b>1 327.9</b>	<b>1 314.1</b>	<b>1 399.6</b>
<b>Unit cost (R million)</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
<b>Personnel numbers (head count)</b>	<b>7 725</b>	<b>7 799</b>	<b>7 729</b>	<b>11 961</b>	<b>11 961</b>	<b>11 961</b>	<b>11 961</b>
<b>Learnerships</b>							
Payments for learnerships (R million)	2.9	3.0	3.2	3.4	3.5	3.5	3.5
Number of learnerships (head count)	189	189	189	189	189	189	189

**Table 34.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	1 128.6	1 226.4	1 365.4	1 905.2	1 974.7	1 974.7	1 974.7
Training expenditure (R million)	34.9	37.0	38.9	40.8	63.1	65.7	67.3
Training as percentage of compensation	3.1%	3.0%	2.8%	2.1%	3.2%	3.3%	3.4%
Total number trained in department (head count)	2 195	2 181	2 220	2 923			
<i>of which:</i>							
Employees receiving bursaries (head count)	164	392	384	364			
Learnerships trained (head count)	189	189	189	189			
Internships trained (head count)	36	40	40	96			
Households receiving bursaries (R million)	240.0	630.0	630.0	16.2	15.0	15.9	16.9
Households receiving bursaries (head count)	16	42	42	120			

**Table 34.D Summary of conditional grants to provinces and municipalities<sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Conditional grants to provinces</b>							
<b>Conditional grants to municipalities</b>							
<b>3. Water Services</b>							
Water services operating subsidy grant	164.5	385.7	641.7	985.6	978.6	570.0	380.0
Municipal drought relief grant	–	–	91.2	9.0	–	–	–
<b>Total</b>	<b>164.5</b>	<b>385.7</b>	<b>732.9</b>	<b>994.6</b>	<b>978.6</b>	<b>570.0</b>	<b>380.0</b>

1. Detail provided in the Division of Revenue Act (2009)

**Table 34.E Summary of departmental public private partnership projects**

Project description: National fleet project		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million			2008/09	2009/10	2010/11	2011/12
<b>Projects signed in terms of Treasury Regulation 16</b>		<b>535.1</b>	<b>106.8</b>	<b>112.1</b>	<b>117.7</b>	<b>124.8</b>
PPP unitary charge <sup>1</sup>		535.1	106.8	112.1	117.7	124.8
<b>Total</b>		<b>535.1</b>	<b>106.8</b>	<b>112.1</b>	<b>117.7</b>	<b>124.8</b>

1. Phavis fleet services public private partnership. Disclosure notes for this project can be viewed in the public private partnership table of the Department of Transport.

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	The provisioning of fleet management services to the national Department of Transport
Brief description	The monthly hiring of long term and short term vehicles
Date public private partnership agreement was signed	14 November 2006 with the National Department of Transport
Duration of public private partnership agreement	5 years, starting on 14 November 2006
Escalation index for unitary fee	Based on annual CPIX, revised every year on 14 November

Table 34.F Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2008/09	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
Foreign												
In cash												
European Union	Water and sanitation services	Water Services	1 391 000	Goods and services	Close collaboration with Department of Provincial and Local Government to support delivery. Increased effort by sector partners to fast track procurement, service delivery and build capacity for sustainable services	148 561	237 410	281 065	418 450	108 229	429 440	-
Finland	Working for Water programme	Water Resources Management	-	Goods and services	Vuolinda skills project: Non-profit organisations work	335	-	23	-	-	-	-
France	Community water supply and sanitation	Water Services	-	Goods and services	Construction of 4 boreholes, 6 control rooms, reticulation networks to 102 communal taps	-	-	-	-	-	-	-
Ireland	Water and sanitation programme	Water Services	279 500	Goods and services	Interactive video to induct new councillors	13 711	35 625	43 290	52 319	52 460	52 460	52 460
Netherlands	Community water supply and sanitation	Water Services	-	Goods and services	Improved water supply in the 3 completed villages with objectives and measures done by the municipality	-	-	-	-	-	-	-
Norway	Sustainable development of ground water	Water Services	-	Goods and services	Capacity building of village builders, technical team and local entrepreneurs	1 681	-	-	-	-	-	-
Republic of China	Community forestry	Forestry	195	Goods and services	A Win Compass computer system, 3 Vertex hypsometers and 2 GPS systems were procured, as well as project planning and road mapping which was done at Injaka state forest	-	1	-	194	-	-	-
United Kingdom	Water services (Masibambane programme)	Water Services	-	Goods and services		-	2 058	-	-	-	-	-
Flanders	Water and sanitation for deep rural areas	Water Services	-	Goods and services	Improved water supply in the 3 completed villages with objectives and measures done by the municipality. Local municipalities and water and sanitation committees ran projects in identified villages and had training sessions. Established awareness campaigns in the water villages	4 595	4 134	-	-	-	-	-

Table 34.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2008/09	Medium-term expenditure estimate	
						2005/06	2006/07	2007/08		2009/10	2010/11
<b>Foreign In cash</b>											
African Renaissance Fund	Upgrading of hydrometric equipment in Lesotho	Water Resources Management	–	Goods and services	3 gauging stations in Lesotho equipped with electronic data capturing equipment	1 179	–	1 151	1 500	1 470	–
Denmark	Community water supply and sanitation	Water Services	–	Goods and services	Create awareness and capacitate communities to implement projects that protect, use, develop, conserve, manage and control water resources	–	3 447	2 281	4 972	12	7
Switzerland	Local government capacity building	Water Services	9 800	Goods and services	Collaboration with Water Information Network SA and 3 resource centres: India, Pakistan and the Netherlands. Launched the learning journal manual workshop	2 000	3 000	3 500	800	–	–
<b>In kind</b>											
China	Pipes and water meters	Water Services	125 522	Goods and services	Phase I: US\$15 million pipes were implemented, 39 per cent of water meters were implemented, water pipes were delivered to 150 different projects in 5 provinces, 37 per cent of pipes were implemented, and 80 000 of the 220 000 water meters were received and distributed to all 9 provinces	85 122	35 900	4500	–	–	–
United Kingdom	Support to water services	Water Services	–	Goods and services	National framework agreement enforcement policy	5 121	4 237	2 867	–	–	–
United Kingdom	Corporate institutional transformation	Administration	–	Goods and services	Stream flow reduction allocations streamlining support	8 807	–	–	–	–	–
United Kingdom	Support to water resources	Water Resources Management	–	Goods and services	Training material on national framework allocation	11 238	6 742	12 347	–	–	–
United Kingdom Department for International Development	Partners for water and sanitation	Water Resources Management	–	Goods and services	Terms of reference for the appointment of an international technical advisor were developed. 3 regional coordinators were appointed. 20 capacity building initiatives were being developed	–	250	137	–	–	–

Table 34.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome		Estimate 2008/09	Medium-term expenditure estimate	
						2005/06	2006/07		2009/10	2011/12
R thousand										
Foreign In cash										
The Netherlands	Twinning arrangement with Dutch water boards	Water Resources Management	–	Goods and services	In phase I, the following were established: RDM training network; groundwater training network; beneficial use of water network; wetlands training network. The further education and training water guideline was developed	–	600	1 615	2 080	–
<b>Total</b>			<b>1 806 017</b>			<b>282 350</b>	<b>333 404</b>	<b>478 235</b>	<b>164 251</b>	<b>52 460</b>

Table 34.G Summary of expenditure on infrastructure

	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07		2009/10	2010/11	2011/12
R million										
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)										
OWRDP (Ph2A): De Hoop Dam	Dam	Water supply to new mining developments, supplementation of water supplies to Polokwane and to supply water for primary use to various communities on the Nebo Plateau and Steelpoort valley	Construction	2 278.2	18.0	58.2	178.8	664.3	533.7	271.4
ORWRDP (Ph2B-1): Bulk distribution	Pump stations, pipelines	Bulk distribution works from Flag Boshielo to Mokopane, De Hoop to Steelpoort link, Steelpoort to Mooihoek. Supply to Lebalelo, Lebalelo to Ollantspoor, De Hoop to Steelpoort, Nebo Plateau and Roosenekal	Design	900.0	-	-	-	22.8	100.0	321.8
Dam safety rehabilitation	Dams	Rehabilitation of dams and dam safety work	Design/Construction	2 129.6	218.4	380.8	704.3	456.7	479.6	320.7

Table 34.G Summary of expenditure on infrastructure (continued)

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)											
Inyaka WTW Ph 11	Water treatment plant	Supply of water to Bohlabela district municipality	Construction	523.0	6.7	37.2	38.6	57.0	85.5	68.4	51.3
	Pumps, pipelines	Water supply to the Vhembe district municipality	Construction	918.6	–	94.4	97.3	131.1	171.4	148.2	114.0
	Pipelines, pump stations, dam	Augmentation of water supply to the new power station(s); extensions to mining activities and fast growing population in the area	Planning/Design	934.8	–	–	–	–	11.4	37.6	364.8
Nwamitwa dam	Dam, water treatment plant, pipelines, reservoirs	To meet the projected growing primary supply requirements to the year 2025, to improve the water availability for the riverine ecosystem and to stabilize water availability to the irrigation sector including the establishment of resource poor farmers	Planning/Design	1 254.0	–	–	–	36.5	182.4	216.7	257.2
Mzimkulu River off-channel storage	Dam, pump station, pipeline	Ensure a reliable water supply to the northern part of the lower KwaZulu-Natal South Coast during dry periods	Planning/Design	262.2	–	–	–	–	–	–	–
Lower Sundays off-channel storage	Canal, balancing dam, pipeline	Extension of the lower Sundays GWS canal system with the emphasis to provide irrigation water to resource poor farmers	Planning/Design	444.6	–	–	–	–	–	–	–
Raising of Clanwilliam Dam	Dam	Upgrading of the existing dam to stabilise the distortion and the augmentation of water supply to meet increasing demands	Planning/Design	661.8	–	–	–	–	45.6	67.8	216.6



Table 34.G Summary of expenditure on infrastructure (continued)

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
					2005/06	2006/07		2007/08	2009/10	2010/11	2011/12
Small projects or programmes (costing less than R50 million per annum)											
Hluhluwe Ph 111	Reservoirs, pipelines	Construction of reservoirs and pipelines	Construction	258.6	–	–	30.0	45.6	51.3	37.6	14.5
	Nandoni water treatment works	Water supply to the Vhembe district municipality	Construction	438.1	102.1	55.8	103.6	85.5	17.1	2.3	–
Mvoti River-iSithundu Dam	Dam	To secure water supply to domestic and industrial users in the lower Mvoti basin area (Stanger area, KwaZulu-Natal)	Planning	666.9	–	–	–	–	–	–	–
Hazelmere Dam raising	Dam (radial crest gates)	Augmentation of water supply to Umgeni Water for treatment to KwaZulu-Natal north coast (Mdloti to Thukela areas)	Planning/Design	68.4	–	–	–	34.2	34.2	–	–
Middle Letaba	Water treatment works, pump station, pipeline	Augmentation of water supply	Construction	97.4	14.4	14.1	13.1	53.9	–	–	–
Total				11 836.2	359.6	640.4	1 165.9	1 587.7	1 712.2	1 899.3	1 932.3